

BUILD HOME
WITH HEART

CREATE FUTURE
WITH ASPIRATION

KWG GROUP HOLDINGS LIMITED

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



This product is made of material from well-managed, FSC®-certified forests and other controlled sources.

CONTENTS

Corporate Information	2
Corporate Profile	3
Management Discussion and Analysis	4
Other Information	17
Condensed Consolidated Interim Financial Information	
Condensed Consolidated Statement of Profit or Loss	24
Condensed Consolidated Statement of Comprehensive Income	25
Condensed Consolidated Statement of Financial Position	26
Condensed Consolidated Statement of Changes in Equity	28
Condensed Consolidated Statement of Cash Flows	29
Notes to Condensed Consolidated Interim Financial Information	31

CORPORATE INFORMATION

Directors

Executive Directors

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

Independent Non-executive Directors

LEE Ka Sze, Carmelo
(*Resigned on 1 March 2024*)
TAM Chun Fai
LAW Yiu Wing, Patrick
WONG Man Ming, Melinda
(*Appointed on 1 April 2024*)

Company Secretary

CHAN Kin Wai

Authorised Representatives

KONG Jianmin
CHAN Kin Wai

Audit Committee

TAM Chun Fai (*Chairman*)
LEE Ka Sze, Carmelo
(*Resigned on 1 March 2024*)
LAW Yiu Wing, Patrick
WONG Man Ming, Melinda
(*Appointed on 1 April 2024*)

Remuneration Committee

TAM Chun Fai (*Chairman*)
KONG Jianmin
LAW Yiu Wing, Patrick
WONG Man Ming, Melinda
(*Appointed on 1 April 2024*)

Nomination Committee

KONG Jianmin (*Chairman*)
TAM Chun Fai
LAW Yiu Wing, Patrick
WONG Man Ming, Melinda
(*Appointed on 1 April 2024*)

Registered Office

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

Principal Place of Business in Hong Kong

Room 1301, 13th Floor
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Principal Share Registrar and Transfer Agent

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

Hong Kong Branch Share Registrar

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

Principal Bankers

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

Auditor

Prism Hong Kong Limited
(formerly known as “Prism Hong
Kong and Shanghai Limited”)
Registered Public Interest Entity
Auditor

Legal Advisors

as to Hong Kong law:
Sidley Austin

as to Cayman Islands law:
Conyers Dill & Pearman

Website

www.kwggroupholdings.com

Stock Code

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

CORPORATE PROFILE

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

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

The revenue amounted to approximately RMB5,234.0 million in the first half of 2024, representing a decrease of 29.8% from approximately RMB7,454.0 million for the corresponding period in 2023.

The revenue generated from property development, property investment and hotel operation were approximately RMB4,421.2 million, RMB447.4 million and RMB365.4 million, respectively, during the six months ended 30 June 2024.

Proportionate revenue amounted to approximately RMB7,397.7 million in the first half of 2024, representing a decrease of 48.8% from approximately RMB14,446.8 million for the corresponding period in 2023.

Property development

Revenue generated from property development decreased by 33.1% to approximately RMB4,421.2 million for the six months ended 30 June 2024 from approximately RMB6,604.1 million for the corresponding period in 2023. Although the total gross floor area (“GFA”) delivered increased from 371,835 sq.m. for the corresponding period in 2023 to 398,698 sq.m. in the first half of 2024, the average selling price (“ASP”) decreased from RMB17,761 per sq.m. for the corresponding period in 2023 to RMB11,089 per sq.m. for the six months ended 30 June 2024, primarily due to the properties delivered with lower selling price with large proportion area during the six month ended 30 June 2024.

Proportionate revenue generated from property development decreased by 52.3% to approximately RMB6,402.5 million for the six months ended 30 June 2024 from approximately RMB13,413.4 million for the corresponding period in 2023, primarily due to the decrease in the proportionate revenue from property development of joint ventures from approximately RMB6,142.9 million in the corresponding period in 2023 to approximately RMB1,965.1 million with lower ASP and less GFA delivered for the six months ended 30 June 2024.

Property investment

Revenue generated from property investment decreased by 1.7% to approximately RMB447.4 million for the six months ended 30 June 2024 from approximately RMB455.0 million for the corresponding period in 2023.

Hotel operation

Revenue generated from hotel operation decreased by 7.5% to approximately RMB365.4 million for the six months ended 30 June 2024 from approximately RMB394.9 million for the corresponding period in 2023, primarily due to the disposal of one hotel.

Cost of Sales

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

Cost of sales decreased by 26.7% to approximately RMB5,136.1 million for the six months ended 30 June 2024 from approximately RMB7,011.6 million for the corresponding period in 2023. The decrease was primarily due to the low-end and mid-end properties delivered with lower land and construction cost with large proportion area during the six month ended 30 June 2024.

Land cost per sq.m. decreased from RMB8,153 for the corresponding period in 2023 to RMB3,835 for the six months ended 30 June 2024.

Construction cost per sq.m. decreased from RMB5,229 for the corresponding period in 2023 to RMB4,627 for the six months ended 30 June 2024.

Gross Profit

Gross profit of the Group decreased by 77.9% to approximately RMB97.8 million for the six months ended 30 June 2024 from approximately RMB442.4 million for the corresponding period in 2023. The decrease of gross profit was principally due to the decrease in the total sales with lower ASP in the first half of 2024. The Group reported gross profit margin of 1.9% for the six months ended 30 June 2024 (2023: 5.9%).

Proportionate core gross profit of the Group decreased by 77.8% to approximately RMB217.6 million for the six months ended 30 June 2024 from approximately RMB980.2 million for the corresponding period in 2023. The decrease of proportionate core gross profit was principally due to the decrease in the total sales with lower ASP of the Group in the first half of 2024. The Group reported proportionate core gross profit margin of 2.9% for the six months ended 30 June 2024 (2023: 6.8%).

Other Income and Gains, Net

Other income and gains decreased by 42.1% to approximately RMB510.0 million for the six months ended 30 June 2024 from approximately RMB881.3 million for the corresponding period in 2023, and mainly comprised project management services income of approximately RMB213.7 million and gain on disposal of subsidiaries of approximately RMB177.8 million.

Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by 23.1% to approximately RMB453.6 million for the six months ended 30 June 2024 from approximately RMB590.1 million for the corresponding period in 2023, which mainly due to a decrease in sales leading to a reduction in related expenses.

Administrative Expenses

Administrative expenses of the Group slightly increased by 1.7% to approximately RMB745.5 million for the six months ended 30 June 2024 from approximately RMB733.2 million for the corresponding period in 2023.

Other Operating Expenses

The Group reported other operating expenses of approximately RMB3,917.5 million for the six months ended 30 June 2024 (2023: approximately RMB2,509.8 million). This is attributable to impairment losses made on properties developed by the Group.

Fair Value Losses on Investment Properties, Net

The Group reported fair value losses on investment properties of approximately RMB470.9 million for the six months ended 30 June 2024 (2023: approximately RMB1,254.0 million), mainly comprised fair value losses of approximately RMB145.0 million from Shanghai International Metropolis Plaza and approximately RMB101.0 million from Guangzhou IFP.

Finance Costs

Finance costs of the Group being approximately RMB1,910.5 million for the six months ended 30 June 2024 (2023: approximately RMB1,334.7 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, they have not been capitalised.

Share of Losses of Joint Ventures

The Group recorded a share of losses of joint ventures of approximately RMB923.8 million for the six months ended 30 June 2024 (2023: approximately RMB4,658.0 million).

This is mainly comprised impairment losses made on properties under development and completed properties held for sale of approximately RMB162.7 million, fair value losses on investment properties of approximately RMB265.0 million and finance cost of approximately RMB373.7 million.

The decrease of share of losses of joint ventures was mainly due to the decrease in impairment losses made on properties under development and completed properties held for sale from approximately RMB2,731.8 million for the six months ended 30 June 2023 to approximately RMB162.7 million for the corresponding period in 2024, and write-off of deferred tax assets of approximately RMB346.7 million for the six months ended 30 June 2023.

Income Tax Expenses

Income tax expenses increased by 143.3% to approximately RMB313.9 million for the six months ended 30 June 2024 from approximately RMB129.0 million for the corresponding period in 2023, mainly due to the decrease in the deferred tax credit from RMB370.6 million in the corresponding period in 2023 to RMB184.1 million for the six month ended 30 June 2024.

Loss for the Period

The Group reported loss for the period of approximately RMB8,133.0 million for the six months ended 30 June 2024 (2023: approximately RMB9,928.9 million).

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2024, the carrying amounts of the Group's cash and bank balances were approximately RMB1,515.7 million (31 December 2023: approximately RMB1,719.4 million).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 30 June 2024, the Group's restricted cash was approximately RMB823.0 million (31 December 2023: approximately RMB938.0 million).

Borrowings and Charges on the Group's Assets

As at 30 June 2024, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB41,223.4 million, RMB27,947.7 million and RMB3,484.2 million respectively. Amongst the bank and other loans, approximately RMB16,386.4 million will be repayable within 1 year, approximately RMB16,363.8 million will be repayable between 2 and 5 years and approximately RMB8,473.2 million will be repayable over 5 years. All of the senior notes have been represented as current liabilities. Amongst the domestic corporate bonds, approximately RMB80.8 million will be repayable within 1 year, approximately RMB3,403.4 million will be repayable between 2 and 5 years.

As at 30 June 2024, the Group's bank and other loans of approximately RMB40,546.9 million and domestic corporate bonds of approximately RMB3,484.2 million were secured by buildings, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying value of approximately RMB81,026.8 million, and receivables from properties sold 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 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 RMB1,827.6 million and RMB1,070.8 million as at 30 June 2024 which were denominated in Hong Kong dollar and U.S. dollar respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB8,859.2 million which were charged at fixed interest rates as at 30 June 2024. The Group's senior notes and domestic corporate bonds were denominated in U.S. dollar and RMB respectively and charged at fixed interest rates as at 30 June 2024.

Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 30 June 2024, the gearing ratio was 732.9% (31 December 2023: 396.3%).

Risk of Exchange Rate Fluctuation

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

In the first half of 2024, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar decreased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operations of the Group.

Contingent Liabilities

- (i) As at 30 June 2024, the Group had the contingent liabilities relating to guarantees given to banks in respect of mortgage facilities for certain purchasers amounting to approximately RMB12,140.3 million (31 December 2023: approximately RMB13,484.3 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provisions have been made in the financial information as at 30 June 2024 and the financial statements as at 31 December 2023 for the guarantees.

- (ii) As at 30 June 2024 and 31 December 2023, the Group had provided guarantees in respect of certain bank loans for its joint ventures and associates.

Market Review

Throughout the first half of the year, the real estate industry continued its adjustment. The central government continuously introduced relaxation policies, further lowering the sales thresholds for major cities. The transaction volume in core cities slightly improved after the implementation of multiple policies, but the new housing sales market has not significantly improved. The effectiveness of the policies will still need to wait and see.

According to the statistical data of the National Bureau of Statistics of China, from January to June 2024, the nationwide property development investment decreased by 10.1% year-on-year to RMB5,252.9 billion; the sales area of commodity properties decreased by 12.0% year-on-year to 479.16 million sq.m.; the sales of commodity properties decreased by 25.0% year-on-year to RMB4,713.3 billion. Overall, the national real estate market has still been at the in-depth adjustment stage, the new housing market has not recovered effectively, and the transaction volume kept declining. Taking into consideration of the current market uncertainty about the future economic growth and the concerns about the continuous drop in property prices, the property market will continue to operate at a low level for a certain period of time. The government stepped up its efforts and implemented a series of measures to stabilize the market, including but not limited to easing credit conditions, reducing down payment ratios, lowering the thresholds of property purchases, and canceling the lower limit of loan interest rates, so as to boost homebuyers' confidence and promote the unleashed demand.

Facing the adjustment period, against the backdrop of continued relaxation of controls, real estate enterprises should make full use of policy opportunities, actively coordinate with local governments to reduce inventory and promote sales. With well-targeted goals, they should improve product competitiveness, actively explore new models, optimize cash flow and debt management, and adapt to the new trend of industry development.

Business Review

Since its establishment 29 years ago, the Group has experienced multiple ups and downs in the market. The Group has been focusing on the real estate market and established itself as an integrated urban operator with integrated development of segments including real estate development, commercial asset management, hotels and light assets. The Group focuses on core areas and new economic development zones of first- and second-tier cities in the Greater Bay Area, Yangtze River Delta, Bohai Rim and Central and Western China. As of 30 June 2024, the Group had 149 major projects (excluding residual projects, of which 120 major projects for sale) located in 42 cities such as Guangzhou, Shenzhen, Hong Kong, Chongqing, Chengdu, Hangzhou, Shanghai and Beijing, and owned attributable land bank of approximately 12.46 million sq.m. in aggregate, representing an attributable ratio of approximately 75%.

In the first half of 2024, the Group's gross pre-sales amounted to RMB5.66 billion with the pre-sales area of 381,000 sq.m. The average pre-selling price stood at RMB14,856 per sq.m. In terms of contribution to pre-sales amount, 62% were from the Greater Bay Area and 9% were from the Yangtze River Delta Region; and in terms of city tiers, 94% were from first- and second-tier cities, and the Group continued its efforts in the in-depth development in core regions and cities.

During the reporting period, the Group focused on launching key projects such as Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville, Canton Financial Center, Hong Kong The Corniche, Foshan Oriental Bund and Shenzhen Grand Oasis. The Group actively responded to the government's call for "guaranteeing delivery" and "guaranteeing people's livelihood", earnestly focused on the completion of construction as well as the improvement of the quality of delivery, and made every effort to ensure delivery. It introduced ready-to-use properties and existing completed properties to the market to protect the rights and interests of homebuyers. In the first half of 2024, KWG delivered a total of 5,734 units of properties.

Investment Properties and Hotels

The Group has always adhered to diversified and all-round development. As an integrated urban operator in China, the Group has operated 44 investment properties and hotels up to now, including 11 shopping malls, 9 office buildings and 24 hotels (including franchise stores).

In the first half of 2024, the rental income of the Group amounted to RMB447 million, representing a decrease of 1.7% as compared to the corresponding period last year, mainly due to the overall economic pressure, which had a greater impact on the leasing market and resulted in a decline in rental levels. It is expected that the market performance will pick up after the stimulating policies are gradually realized.

In the first half of 2024, the shopping malls under the Group maintained a relatively promising operating condition. The major shopping malls enriched shopping choices to customers, created diversified shopping experience and formed a stable and solid customer flow by acquiring various well-known stores, organizing different “pop-up” and “street stall” themed events, launching anniversary celebration as well as various cultural activities. At the beginning of this year, KWG Group won the award of “2023 Commercial Property Benchmarking Project” issued by China Times, and its commercial brand has been fully recognized by the market.

The Group’s office buildings are located in the core business areas of first- and second-tier cities such as Guangzhou, Shanghai, Beijing and Nanning. With its superior geographical location, excellent product development capabilities, 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 9 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 and Colorland Centre in Nansha, and those in Shanghai, Beijing and Nanning include International Metropolis Plaza in Pudong Bund, Beijing International Finance Place in Tongzhou District and New Chang’an Mansion in Mentougou District, as well as Guangxi International Finance Place at the headquarters base in Nanning Wuxiang New District, respectively. In the first half of the year, affected by the downward trend of the macro-economy, the occupancy rate of some office buildings declined and therefore, resulting in a decrease in rental income.

In terms of hotels, hotel revenue for the first half of 2024 was RMB365 million, representing a decrease of 7.5% as compared to the corresponding period last year. This was mainly due to the downturn in the economy, with more corporations scaling back their investment plans and lowering their travel aspirations, which in turn led to a decline in the operation of business hotels. Downgraded spending by individuals and families reduced demand for resort hotels. Boosted by various events and exhibitions and the Golden Week holiday celebrating the National Day, it is expected that the hotel performance in the second half of the year is better than the first half.

The Group currently has a total of 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 years of development and in-depth cooperation with international hotel management groups, The Mulian Hotel, a self-owned brand of the Group, has become increasingly mature in terms of product positioning and service capability. The hotels under the Group spread over core cities such as Beijing, Shanghai, Guangzhou, Chengdu, Suzhou and Hangzhou. The addition of a new MUSTEL hotel in Chengdu expected in the second half of the year. The Group remains optimistic about the hotel market in the future.

Outlook

In the second half of the year, the Group will continue its effort in liability and cash flow management, optimize its capital structure, and examine different debt reduction methods in a practical manner. The Group is undergoing a comprehensive restructuring of its offshore debts. In terms of offshore debts, the Group has appointed Alvarez & Marsal Corporate Finance Limited to assess the capital structure of the Group, evaluate the Group's liquidity and explore all feasible solutions to mitigate the current liquidity issues as soon as possible and achieve the best holistic solution for all stakeholders. At the same time, with an aim of "focusing on sales and procuring cash collection", the Group will make great efforts to enhance the sales and marketing. En-bloc sales will be initiated through multiple channels in a bid to accelerate cash collection progress.

In the second half of the year, "guaranteeing delivery" and "guaranteeing people's livelihood" will remain the top priority of the Group's work. It will focus on the completion of procedures for filing for key construction projects, launch the existing completed properties and ready-to-use properties, protect the rights and interests of customers and fulfill the Group's social responsibilities.

Despite the tough environment, KWG Group always remains true to its original aspiration and provides its excellent products to the market. The Group will actively embrace the new normal in the real estate industry and responds to market demand with excellent product quality. It will constantly strengthen its corporate management and continue to uphold the philosophy of "building home with heart, creating future with aspiration", thereby creating value for its customers on an on-going basis. The Group will adhere to the long-termism to promote sustainable operation.

Overview of the Group's Property Development

As at 30 June 2024, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Ezhou, Xuzhou, Jiaxing, Taizhou, Chongqing, Taicang, Zhaoqing, Zhongshan, Liuzhou, Shenzhen, Huizhou, Jiangmen, Yancheng and Hong Kong.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
1	The Summit	Guangzhou	Residential/villa/serviced apartment/office/ commercial/hotel	812	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	45	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	39	100
8	Essence of City	Guangzhou	Residential/villa/commercial	14	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and IFE (International Finance Edifice))	Guangzhou	Serviced apartment/office/ commercial	10	33.33

No.	Project	District	Type of Product	Total GFA	Interest
				Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/office/commercial/hotel	14	50
12	Blooming River	Guangzhou	Residential/villa/commercial	44	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	4	50
14	V-city	Guangzhou	Serviced apartment/commercial	135	70
15	Montkam	Guangzhou	Residential/villa	8	30
16	E-city	Guangzhou	Serviced apartment/commercial	446	67
17	The Beryl (Guangzhou Development Area Hotel A Project)	Guangzhou	Villa/serviced apartment/commercial/hotel	11	60
18	The Beryl (Guangzhou Development Area Hotel B Project)	Guangzhou	Villa/serviced apartment/office/commercial	27	100
19	Landmark Arte Masterpiece	Guangzhou	Residential/serviced apartment/commercial	95	100
20	Clover Shades	Guangzhou	Residential/commercial	34	62.5
21	The Emerald	Guangzhou	Residential	55	100
22	KWG Biovalley	Guangzhou	Villa/serviced apartment/office/commercial	192	80
23	Longyatt Mansion	Guangzhou	Residential/commercial	71	100
24	Dreams Garden	Guangzhou	Residential/commercial	239	100
25	Lakeside Mansion	Guangzhou	Residential/commercial	302	100
26	Richmond Greenville	Guangzhou	Residential	91	100
27	Guangzhou Nansha Project	Guangzhou	Educational	89	60
28	The Star Garden	Guangzhou	Residential/commercial	194	87.5
29	ONE68	Guangzhou	Serviced apartment/office/commercial/hotel	69	100
30	IFP	Guangzhou	Office/commercial	61	100
31	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
32	The Mulian Huadu	Guangzhou	Hotel	25	100
33	W Hotel/W Serviced Apartments	Guangzhou	Hotel/serviced apartment	80	100
34	The Mulian Guangzhou	Guangzhou	Hotel	8	100
35	The Sapphire	Suzhou	Residential/serviced apartment/office/commercial/hotel	36	100
36	Suzhou Apex	Suzhou	Residential/serviced apartment/commercial/hotel	127	100

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (^{'000} sq.m.)	Interest Attributable to the Group (%)
37	Leader Plaza	Suzhou	Serviced apartment/office/ commercial	21	100
38	Fortune Plaza	Suzhou	Office/commercial/hotel	21	100
39	Suzhou Jade Garden	Suzhou	Residential/commercial	2	100
40	Orient Aesthetics	Suzhou	Residential/commercial	3	20
41	Swan Harbor Park	Suzhou	Residential/serviced apartment/office/ commercial/hotel	65	50
42	Blessedness Seasons	Suzhou	Residential/commercial	2	49
43	The Vision of the World	Chengdu	Residential/serviced apartment/commercial	39	100
44	Chengdu Cosmos	Chengdu	Residential/serviced apartment/office/ commercial/hotel	226	100
45	Yunshang Retreat	Chengdu	Residential/villa/serviced apartment/commercial/ hotel	566	55
46	The Jadeite	Chengdu	Residential/villa/commercial/ hotel	24	100
47	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/commercial	1	100
48	La Villa	Beijing	Residential/villa/commercial	5	50
49	Beijing Apex	Beijing	Residential/villa/serviced apartment/commercial	2	50
50	M • Cube	Beijing	Commercial	16	100
51	Uptown Riverside I	Beijing	Serviced apartment/office/ commercial	128	100
52	Uptown Riverside II	Beijing	Serviced apartment/office/ commercial	57	100
53	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/ commercial	27	33
54	The Core of Center (Beijing Niulanshan Complex Project)	Beijing	Residential/villa/commercial/ hotel	187	100
55	The Core of Center (Beijing Niulanshan 1107# Project)	Beijing	Residential	1	100
56	New Chang'an Mansion	Beijing	Residential/office/ commercial/hotel	30	100
57	Pearl Coast	Lingshui	Residential/villa/commercial/ hotel	96	100
58	Moon Bay	Wenchang	Residential/villa/commercial/ hotel	334	100
59	The Cloud World	Wenchang	Villa/commercial	76	100
60	International Metropolis Plaza	Shanghai	Office/commercial	39	100

No.	Project	District	Type of Product	Total GFA	Interest
				Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
61	Amazing Bay	Shanghai	Residential/serviced apartment/office/commercial/hotel	26	50
62	Vision of the World	Shanghai	Residential/serviced apartment/commercial/hotel	59	51
63	Glory Palace	Shanghai	Residential	3	100
64	KWG Biovalley	Shanghai	Office/commercial	121	90
65	Jinnan New Town	Tianjin	Residential/office/commercial/hotel	196	25
66	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	176	100
67	Tianjin Apex	Tianjin	Residential/office/commercial	32	100
68	Beautiful and Happy Life	Tianjin	Residential/commercial	41	100
69	Joy Fun City	Tianjin	Residential/commercial	173	60
70	The Core of Center	Nanning	Residential/villa/serviced apartment/commercial/hotel	240	100
71	International Finance Place	Nanning	Office/commercial	53	100
72	Top of World	Nanning	Residential/villa/serviced apartment/commercial/hotel	78	100
73	Fragrant Season	Nanning	Residential/villa/commercial	9	100
74	Impression Discovery Bay I	Nanning	Residential/commercial	1	34
75	Impression Discovery Bay II	Nanning	Residential/commercial	3	34
76	Emerald City	Nanning	Residential/serviced apartment/commercial	256	100
77	The Moon Mansion	Hangzhou	Residential/villa	3	100
78	Sky Ville	Hangzhou	Residential/villa	1	100
79	Puli Oriental	Hangzhou	Residential/commercial	8	50
80	Malus Moon	Hangzhou	Residential/villa/commercial	4	100
81	Precious Mansion	Hangzhou	Residential/office/commercial	35	100
82	Season Mix	Hangzhou	Residential/commercial/hotel	15	25
83	Shine City	Nanjing	Residential/office/commercial	1	50
84	South Bank Palace	Nanjing	Residential/commercial	1	19.75
85	Ruyi Palace	Nanjing	Residential/commercial	1	50
86	Oriental Bund	Foshan	Residential/villa/serviced apartment/commercial/hotel	831	50
87	The Riviera	Foshan	Residential/commercial	11	100
88	Foshan Apex	Foshan	Residential/serviced apartment/commercial	6	50
89	China Image	Foshan	Residential/commercial	3	34
90	The One	Hefei	Residential/commercial	58	100

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (^{'000} sq.m.)	Interest Attributable to the Group (%)
91	Park Mansion	Hefei	Residential	4	100
92	The Buttonwood Season I	Ezhou	Residential/villa/commercial	9	100
93	The Buttonwood Season II	Ezhou	Residential/villa/commercial	129	100
94	Exquisite Bay	Xuzhou	Residential/commercial	6	100
95	Fragrant Seasons	Xuzhou	Residential/commercial	11	50
96	Oriental Milestone	Xuzhou	Residential	76	100
97	Majestic Mansion	Jiaxing	Residential/commercial	3	100
98	Star City	Jiaxing	Residential	1	25
99	Noble Peak	Jiaxing	Residential	2	100
100	International Commercial Plaza	Jiaxing	Residential/serviced apartment/office/ commercial/hotel	360	100
101	Top of World Residence I	Taizhou	Residential	2	100
102	Top of World Residence II	Taizhou	Residential/commercial	4	100
103	Linhai Mansion	Taizhou	Residential/commercial	2	100
104	Star Mansion	Taizhou	Residential/commercial	2	33
105	Lead Peak Mansion	Taizhou	Residential/commercial	1	100
106	Emerald the Bay	Taizhou	Residential/serviced apartment/office/ commercial	255	50
107	Jinan Capital of Phoenix	Jinan	Residential/commercial	1	20
108	Jinan Tianchen	Jinan	Residential/commercial	26	20
109	The Inherited Villa	Changshu	Residential	1	25
110	The Riviera Chongqing	Chongqing	Residential/commercial/hotel	13	100
111	The Cosmos Chongqing	Chongqing	Residential/serviced apartment/office/ commercial/hotel	213	100
112	The Moon Mansion	Chongqing	Residential/commercial	1	39
113	Mansion of Jasper	Chongqing	Residential/commercial	1	50
114	Jade Moon Villa	Chongqing	Residential/commercial	1	50
115	Jinzhu Tianyi Huayuan	Taicang	Residential	11	100
116	Oriental Mansion	Wuxi	Residential/commercial	1	20
117	Exquisite Palace	Wuxi	Residential/commercial	3	45
118	Vision of the World	Zhaoqing	Residential/commercial	84	100
119	River View Mansion	Zhaoqing	Residential/commercial	1	33
120	The Moon Mansion	Zhongshan	Residential/commercial	31	50
121	Serenity in Prosperity	Nantong	Residential/villa/commercial	4	51
122	Oriental Beauty	Nantong	Residential	1	70
123	The Moon Mansion	Liuzhou	Residential/villa/commercial	4	100
124	Fortunes Season	Liuzhou	Residential/commercial/hotel/ educational	897	100
125	Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/ commercial/hotel	61	51

No. Project	District	Type of Product	Total GFA	Interest	
			Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)	
126	KWG Topchain City Center	Shenzhen	Serviced apartment/office/commercial	27	51
127	Grand Oasis	Shenzhen	Serviced apartment/office/commercial/hotel	8	55
128	Shenzhen Longhua Project	Shenzhen	Residential/office/commercial/industrial/educational	79	50
129	Shaoxing Project	Shaoxing	Residential/villa	1	24.9
130	Skyline Seasons	Huizhou	Residential/commercial	205	100
131	Huizhou Longmen Project-Educational#[2019]011	Huizhou	Educational	11	100
132	Huizhou Longmen Project-Educational#[2019]014	Huizhou	Educational	61	100
133	Jiangmen Apex International	Jiangmen	Residential/serviced apartment/commercial	30	100
134	Cullinan Mansion	Wenzhou	Residential/commercial	2	100
135	Art Wanderland	Dongguan	Residential/commercial	1	12.5
136	Center Mansion	Dongguan	Residential/villa/commercial	6	20
137	Yangzhou Apex	Yangzhou	Residential/commercial	82	100
138	Parkview Palace	Ningbo	Residential	2	49
139	Meishan Apex	Meishan	Residential/commercial	1	100
140	River State	Meishan	Residential/commercial	56	34
141	Chenzhou Wangxian Eco-tourism Project	Chenzhou	Residential/villa	63	50
142	KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	256	100
143	Meet	Xi'an	Serviced apartment/commercial/hotel	12	100
144	Salar de Uyuni	Zhaotong	Residential/commercial/hotel	159	67.11
145	Salar de Uyuni Guan Lake Phase 2 – #17-28	Zhaotong	Residential/Commercial	87	70.56
146	Salar de Uyuni Guan Lake Phase 1 – #17-29	Zhaotong	Residential/Commercial	112	70.56
147	KWG Haya City	Yancheng	Residential/serviced apartment/commercial/hotel	555	100
148	Phoenix International	Fuzhou	Serviced apartment/office/commercial	47	22.4
149	The Corniche (formerly known as Hong Kong Ap Lei Chau Project)	Hong Kong	Residential	34	50

Employees and Emolument Policies

As at 30 June 2024, the Group employed a total of approximately 1,940 employees. The total staff costs incurred were approximately RMB236.6 million during the six months ended 30 June 2024. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

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

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

OTHER INFORMATION

Interests of the Directors and Chief Executive in Securities

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

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

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

OTHER INFORMATION

Notes:

- (1) The approximate percentages were calculated based on 3,418,883,945 ordinary shares of the Company in issue as at 30 June 2024.
- (2) On 30 December 2018, Plus Earn Consultants Limited ("Plus Earn"), a company wholly-owned by Mr. KONG Jianmin and directly holds 1,299,046,500 shares of the Company; Right Rich Consultants Limited ("Right Rich"), a company wholly-owned by Mr. KONG Jiantao and directly holds 254,715,000 shares of the Company; and Peace Kind Investments Limited ("Peace Kind"), a company wholly-owned by Mr. KONG Jiannan and directly holds 144,338,500 shares of the Company, entered into a shareholders' agreement (the "Shareholders' Agreement") to regulate their dealings in the shares of the Company. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.
- (3) Mr. KONG Jianmin is deemed to be interested in a total of 1,993,803,152 shares of the Company including (i) 1,299,046,500 shares held by Plus Earn which is wholly-owned by Mr. KONG Jianmin; (ii) 295,703,152 shares held by Hero Fine Group Limited ("Hero Fine") which is wholly-owned by Mr. KONG Jianmin; and (iii) 254,715,000 shares held by Right Rich and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.
- (4) Mr. KONG Jiantao is deemed to be interested in a total of 1,700,189,687 shares of the Company including (i) 254,715,000 shares held by Right Rich which is wholly-owned by Mr. KONG Jiantao; (ii) 1,109,587 shares held by Excel Wave Investments Limited ("Excel Wave") which is wholly-owned by Mr. KONG Jiantao; (iii) 980,100 shares held by Wealth Express Investments Limited ("Wealth Express") which is wholly-owned by Mr. KONG Jiantao; and (iv) 1,299,046,500 shares held by Plus Earn and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.
- (5) Mr. KONG Jiannan is deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 144,338,500 shares held by Peace Kind which is wholly-owned by Mr. KONG Jiannan; and (ii) 1,299,046,500 shares held by Plus Earn and 254,715,000 shares held by Right Rich pursuant to the Shareholders' Agreement.
- (6) These shares were held by Mr. CAI Fengjia's spouse.
- (7) Mr. LEE Ka Sze, Carmelo resigned as independent non-executive Director with effect from 1 March 2024.

(ii) Interests in debentures of the Company

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

Notes:

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

(iii) Long positions in shares of associated corporations

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

Save as disclosed above, as at 30 June 2024, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of Substantial Shareholders

As at 30 June 2024, to the knowledge of the Directors, the following entities (other than the Directors or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares and underlying shares of the Company:

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

Notes:

- (1) The approximate percentage was calculated based on 3,418,883,945 ordinary shares of the Company in issue as at 30 June 2024.
- (2) Plus Earn is legally and beneficially owned as to 100% by Mr. KONG Jianmin. Pursuant to the SFO, Plus Earn is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 1,299,046,500 shares directly held by it; and (ii) 254,715,000 shares held by Right Rich and 144,338,500 shares held by Peace Kind, pursuant to the Shareholders' Agreement.
- (3) Hero Fine is legally and beneficially owned as to 100% by Mr. KONG Jianmin.
- (4) Right Rich is legally and beneficially owned as to 100% by Mr. KONG Jiantao. Pursuant to the SFO, Right Rich is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 254,715,000 shares directly held by it; and (ii) 1,299,046,500 shares held by Plus Earn and 144,338,500 shares held by Peace Kind, pursuant to the Shareholders' Agreement.
- (5) Peace Kind is legally and beneficially owned as to 100% by Mr. KONG Jiannan. Pursuant to the SFO, Peace Kind is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 144,338,500 shares directly held by it; and (ii) 1,299,046,500 shares held by Plus Earn and 254,715,000 shares held by Right Rich, pursuant to the Shareholders' Agreement.
- (6) On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into the Shareholders' Agreement to regulate their dealings in the shares of the Company. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.
- (7) Mr. KONG Jianmin is the sole director of Plus Earn and Hero Fine, Mr. KONG Jiantao is the sole director of Right Rich and Mr. KONG Jiannan is the sole director of Peace Kind.

Save as disclosed above, as at 30 June 2024, no other person (other than the Directors or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

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

During the six months ended 30 June 2024, no share options were granted, exercised, lapsed or outstanding.

Share Award Scheme

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

During the six months ended 30 June 2024, no awarded shares were granted, exercised, lapsed or outstanding.

Corporate Governance

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

During the period ended 30 June 2024, 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 Appendix C1 to the Listing Rules and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules.

- Code provision C.5.7 of Part 2 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

During the period, the Board approved the continuing connected transactions in relation to the renewal of leasing of properties to Guangzhou Kai Chuang Business Investments Group Company Limited* (廣州凱創商務投資集團有限公司) ("Guangzhou Kai Chuang") by way of passing the written resolutions. 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 therein. Please refer to the Company's announcements dated 16 April 2024 and 2 July 2024, respectively, for details.

The Board considered that (1) the terms of the above transactions are on normal commercial terms or better, and the relevant terms of the agreements for the transactions (including the relevant annual caps) are fair and reasonable, and are in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole; (2) the relevant Director have abstained from voting on the relevant resolutions of the above 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.

OTHER INFORMATION

- Following the resignation of Mr. LEE Ka Sze, Carmelo on 1 March 2024, the Company failed to meet the requirements of (i) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive Directors; and (ii) Rule 3.21 of the Listing Rules that the audit committee of the Company (the “Audit Committee”) must comprise a minimum of three members.

After the appointment of Ms. WONG Man Ming on 1 April 2024, Melinda, the Company is in compliance with the requirements of Rule 3.10(1) and Rule 3.21 of the Listing Rules.

- Code provision F.2.2 of Part 2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. KONG Jianmin, an executive Director and the chairman of the Board, was unable to attend the annual general meeting of the Company convened and held on 5 June 2024, due to his other engagements. In the absence of Mr. KONG Jianmin from the aforesaid annual general meeting, Mr. KONG Jiannan, an executive Director, acted as the chairman of the aforesaid annual general meeting to ensure an effective communication with the Shareholders. Mr. KONG Jianmin has also followed up with Mr. KONG Jiannan for any opinions or concerns of the Shareholders expressed at the annual general meeting afterward.

Compliance with Model Code

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2024.

Review by Audit Committee

The audit committee of the Company has reviewed the Company’s interim report for the six months ended 30 June 2024. The audit committee of the Company comprises three members who are independent non-executive Directors.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024.

Disclosures Pursuant to Rule 13.18 of the Listing Rules

Facility Agreement dated 23 December 2020

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

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

As of the date of this report, the circumstances giving rise to the relevant disclosure obligations under Rules 13.18 of the Listing Rules continued to exist.

Interim Dividend

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2024 (2023: Nil).

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	5,233,954	7,453,959
Cost of sales		(5,136,125)	(7,011,552)
Gross profit		97,829	442,407
Other income and gains, net	4	509,963	881,311
Selling and marketing expenses		(453,636)	(590,129)
Administrative expenses		(745,547)	(733,228)
Other operating expenses		(3,917,521)	(2,509,844)
Fair value losses on investment properties, net		(470,912)	(1,254,009)
Finance costs	5	(1,910,503)	(1,334,651)
Share of losses of:			
Associates		(5,067)	(43,811)
Joint ventures		(923,754)	(4,657,991)
LOSS BEFORE TAX	6	(7,819,148)	(9,799,945)
Income tax expenses	7	(313,868)	(128,990)
Loss for the period		(8,133,016)	(9,928,935)
Attributable to:			
Owners of the Company		(8,223,670)	(9,888,712)
Non-controlling interests		90,654	(40,223)
		(8,133,016)	(9,928,935)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic			
— For loss for the period		RMB(240.5) cents	RMB(289.3) cents
Diluted			
— For loss for the period		RMB(240.5) cents	RMB(289.2) cents

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
LOSS FOR THE PERIOD	(8,133,016)	(9,928,935)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	(83,055)	(528,161)
Share of exchange differences on translation of joint ventures	(15,974)	(52,054)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(99,029)	(580,215)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	(132,335)	(488,615)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(132,335)	(488,615)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(231,364)	(1,068,830)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(8,364,380)	(10,997,765)
Attributable to:		
Owners of the Company	(8,455,034)	(10,957,542)
Non-controlling interests	90,654	(40,223)
	(8,364,380)	(10,997,765)

Condensed Consolidated Statement of Financial Position

	Notes	As at	
		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	8,808,170	9,432,703
Investment properties		23,772,540	24,650,440
Land use rights		3,329,607	3,597,564
Interests in associates		7,079,680	8,217,365
Interests in joint ventures		31,787,030	32,306,108
Deferred tax assets		2,100,634	2,033,463
Total non-current assets		76,877,661	80,237,643
CURRENT ASSETS			
Properties under development		49,094,426	49,805,396
Completed properties held for sale		13,954,372	18,724,363
Trade receivables	11	352,721	331,647
Prepayments, other receivables and other assets		14,564,873	15,449,997
Due from a joint venture		19,129	21,532
Tax recoverables		1,175,571	1,175,422
Cash and bank balances	12	1,515,673	1,719,395
Total current assets		80,676,765	87,227,752
CURRENT LIABILITIES			
Trade and bills payables	13	19,829,654	19,402,520
Lease liabilities		21,357	51,491
Other payables and accruals		29,563,400	29,879,544
Due to joint ventures		8,080,491	8,028,741
Due to associates		1,374,879	2,483,159
Interest-bearing bank and other borrowings	14	44,414,916	41,087,060
Tax payables		14,175,426	13,743,107
Total current liabilities		117,460,123	114,675,622
NET CURRENT LIABILITIES		(36,783,358)	(27,447,870)
TOTAL ASSETS LESS CURRENT LIABILITIES		40,094,303	52,789,773

Condensed Consolidated Statement of Financial Position

	Notes	As at	
		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		308,098	518,806
Interest-bearing bank and other borrowings	14	28,240,348	32,248,912
Deferred tax liabilities		1,837,505	1,949,322
Deferred revenue		2,042	2,042
Total non-current liabilities		30,387,993	34,719,082
NET ASSETS			
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	325,768	325,768
Reserves		4,051,697	12,406,166
Non-controlling interests			
		4,377,465	12,731,934
		5,328,845	5,338,757
TOTAL EQUITY		9,706,310	18,070,691

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											Total equity RMB'000 (Unaudited)
	Issued capital RMB'000 (Unaudited)	Treasury shares RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Reserve funds RMB'000 (Unaudited)	Exchange fluctuation reserve RMB'000 (Unaudited)	Employee share based compensation reserve RMB'000 (Unaudited)	Asset revaluation reserve RMB'000 (Unaudited)	Capital reserve RMB'000 (Unaudited)	Retained profits RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Non-controlling interests RMB'000 (Unaudited)	
At 1 January 2023	325,735	(8)	447,258	3,588,170	(1,785,388)	12,754	92,578	497,585	28,321,092	31,499,776	8,699,519	40,199,295
Loss for the period	—	—	—	—	—	—	—	—	(9,888,712)	(9,888,712)	(40,223)	(9,928,935)
Other comprehensive loss for the period:												
Exchange differences on translation into presentation currency	—	—	—	—	(1,016,776)	—	—	—	—	(1,016,776)	—	(1,016,776)
Share of exchange differences on translation of joint ventures	—	—	—	—	(52,054)	—	—	—	—	(52,054)	—	(52,054)
Total comprehensive loss for the period	—	—	—	—	(1,068,830)	—	—	—	(9,888,712)	(10,957,542)	(40,223)	(10,997,765)
Share-based compensation expenses	—	—	—	—	—	492	—	—	—	492	—	492
Capital repayment of non-controlling interests	—	—	—	—	—	—	—	—	—	—	(240,009)	(240,009)
Vested awarded shares transferred to employees	—	41	4,872	—	—	(4,913)	—	—	—	—	—	—
Transfer to reserves	—	—	—	105,872	—	—	—	—	(105,872)	—	—	—
Issue of treasury shares	33	(33)	—	—	—	—	—	—	—	—	—	—
Acquisition of non-controlling interests	—	—	—	—	—	—	—	187,810	—	187,810	(187,810)	—
Transfer of share option reserve upon the forfeiture or expiry of share options	—	—	—	—	—	(8,333)	—	—	8,333	—	—	—
At 30 June 2023	325,768	—	452,130*	3,694,042*	(2,854,218)*	—	92,578*	685,395*	18,334,841*	20,730,536	8,231,477	28,962,013
At 1 January 2024	325,768	—	452,130	3,747,042	(2,324,555)	—	92,578	1,001,390	9,437,581	12,731,934	5,338,757	18,070,691
Loss for the period	—	—	—	—	—	—	—	—	(8,223,670)	(8,223,670)	90,654	(8,133,016)
Other comprehensive loss for the period:												
Exchange differences on translation into presentation currency	—	—	—	—	(215,390)	—	—	—	—	(215,390)	—	(215,390)
Share of exchange differences on translation of joint ventures	—	—	—	—	(15,974)	—	—	—	—	(15,974)	—	(15,974)
Total comprehensive loss for the period	—	—	—	—	(231,364)	—	—	—	(8,223,670)	(8,455,034)	90,654	(8,364,380)
Transfer to reserves	—	—	—	233,641	—	—	—	—	(233,641)	—	—	—
Acquisition of non-controlling interests	—	—	—	—	—	—	—	100,565	—	100,565	(100,565)	—
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	2	2
Capital repayment of non-controlling interests	—	—	—	—	—	—	—	—	—	—	(3)	(3)
At 30 June 2024	325,768	—	452,130*	3,980,683*	(2,555,919)*	—	92,578*	1,101,955*	980,270*	4,377,465	5,328,845	9,706,310

* These reserve accounts comprise the consolidated reserves of approximately RMB4,051,697,000 (31 December 2023: approximately RMB12,406,166,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June	
		2024	2023
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(7,819,148)	(9,799,945)
Adjustments for:			
Finance costs	5	1,910,503	1,334,651
Foreign exchange gains	4	(33,465)	(210,498)
Share of losses of joint ventures		923,754	4,657,991
Share of losses of associates		5,067	43,811
Share-based compensation expenses		—	492
Interest income	4	(23,417)	(147,539)
Gain on disposal of items of property, plant and equipment	6	47,016	(203)
Gain on disposal of investment properties		74,255	(79,964)
Gain on lease termination		(179,110)	(129,828)
Depreciation	6	125,284	165,068
Amortisation of land use rights	6	14,770	15,764
Fair value losses on investment properties, net		470,912	1,254,009
Impairment losses recognised for properties under developments and completed properties held for sale	6	3,917,521	2,509,844
Gain on disposal of subsidiaries	17	(177,658)	—
Loss on disposal of joint ventures		—	3,225
Gain on acquisition of subsidiaries		—	—
Loss on disposal of associates		23,219	22,716
Cash flows from operations before changes in working capital		(720,497)	(360,406)
Changes in working capital		2,149,658	907,455
Cash generated from operations		1,429,161	547,049
Interest received		23,417	147,539
Income tax paid		(65,812)	(48,527)
Net cash flows from operating activities		1,386,766	646,061

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash flows from operating activities		1,386,766	646,061
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(67,137)	(17,240)
Purchases of items of investment properties		—	(68,444)
Proceeds from disposal of property, plant and equipment		290,227	762
Proceeds from disposal of investment properties		182,107	498,806
Investments in and amounts with joint ventures		(368,898)	(6,255,409)
Investments in associates		—	(82,375)
Disposal of subsidiaries	17	(1,362)	—
Disposal of joint ventures		—	25,901
Disposal of associates		—	2,449
Repayments from associates		1,323	761,643
Acquisition of subsidiaries		—	—
Decrease in restricted cash		—	4,193,244
Dividends received from joint ventures		—	497,855
Dividend received from an associate		—	—
Net cash flows (used in)/generated from investing activities		36,260	(442,808)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment to senior notes		—	—
Net repayment to bank and other borrowings		(939,660)	(788,838)
Increase in restricted cash		—	(186,000)
Capital repayment of non-controlling interests		(3)	—
Interest paid		(572,112)	(2,001,920)
Dividend paid		—	—
Net cash flows used in financing activities		(1,511,775)	(2,976,758)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period		781,358	3,356,104
Effect of foreign exchange rate changes, net		47	3,300
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		692,656	585,899
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		692,656	585,899
Non-pledged time deposits with original maturity of less than three months when acquired		—	—
Cash and cash equivalents		692,656	585,899

Notes to Condensed Consolidated Interim Financial Information

1. Corporate Information

KWG Group Holdings Limited (“KWG” or the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- Property development
- Property investment
- Hotel operation

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

The unaudited condensed consolidated interim financial information was reviewed by the audit committee of the Company and approved by the board of directors of the Company (the “Board”) for issue on 28 August 2024.

2. Basis of Preparation

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

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, HKASs and Interpretations).

Going concern basis

For the six months ended 30 June 2024, the Group incurred a net loss of approximately RMB8,133,016,000, and as of that date, the Group had net current liabilities of approximately RMB36,783,358,000, and the Group’s current portion of bank and other borrowings amounted to approximately RMB44,414,916,000, while its cash and bank balances amounted to approximately RMB1,515,673,000.

The Group did not repay the principal and interest payables of several USD denominated senior notes and bank and other borrowings since the year ended 31 December 2023, triggering an event of default or cross default of various borrowings pursuant to the terms and conditions of respective agreements. As of 30 June 2024, the aggregate principal and interest payables of the said USD denominated senior notes and bank and other borrowings in default or cross default was approximately RMB34,368,777,000.

2. Basis of Preparation (Continued)

Going concern basis (Continued)

The Company had suspended trading of all its USD denominated senior notes listed on the Stock Exchange in May 2023 and no principal repayment had been made on the USD denominated senior notes since then.

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

- (i) Based on the People's Bank of China's 16 Supportive Financial Measures, the Group has been actively negotiating with several financial institutions on the renewal and extension of existing onshore bank borrowings to improve the liquidity position of the Group.

Also, under the project whitelist mechanism, city governments should provide a list of local property projects suitable for financing support, and coordinate with local financial institutions to meet the financing needs of these projects. The Group has submitted applications to respective local authorities to add a total of 48 projects to the project whitelist, out of which 40 have been approved. For instance, the local authority of Guangzhou has published 3 batches of project whitelist during the six months ended 30 June 2024, containing 17 projects of the Group. The Group had successfully extended the maturities of approximately RMB616 million project financing for projects under the whitelist, and the Group trust this whitelist mechanism will continue to facilitate the Group to obtain project development financing and/or refinancing for these projects with the financial institutions.

- (ii) The Group had engaged financial advisor and legal advisor to explore a holistic solution to the current offshore debts situation to secure the sustainable operations of the Group for the benefit of all of its stakeholders. The Group also had ongoing constructive discussions with a prospective ad hoc group of bondholders and its advisors on the holistic solution during the period.
- (iii) In August 2024, Unicorn Bay (Hong Kong) Investments Limited, a project company in which the Group owns 50% shareholding interest (the "Project Company"), has successfully obtained a refinancing facility of HK\$8.2 billion with maturity beyond 2027. The Project Company is principally engaged in the development and sale of The Corniche, a residential project located at Ap Lei Chau, Hong Kong. The Corniche is a significant offshore asset of the Group, and the successful refinancing is crucial to the Group's offshore debt restructuring.
- (iv) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group is also negotiating with various interested parties on the disposal of en-bloc commercial properties, hotels, urban redevelopment projects and non-core property projects to further improve the cash position of the Group.

2. Basis of Preparation (Continued)

Going concern basis (Continued)

- (v) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.
- (vi) The Group will continue to seek suitable opportunities to dispose of its equity interests in joint ventures or associates which are engaged in property development projects in order to generate additional cash inflows.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover not less than twelve months from 30 June 2024.

They are of the opinion that, taking into account the abovementioned 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 30 June 2024. 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 approval from local authorities to include the Group's property development projects in the project whitelist and the obtaining of project financing and/or refinancing as and when needed; (ii) The successful restructuring of the offshore debts of the Group; (iii) The successful negotiation with interested parties on the disposal of en-bloc commercial properties, hotels, urban redevelopment projects and non-core property projects; (iv) The successful disposal of the Group's equity interests in certain joint ventures or associates which are engaged in property development projects when suitable. Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. Changes to the Group's Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS7	<i>Supplier Finance Arrangements</i>

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

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

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

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue:		
Revenue from contracts with customers		
Sale of properties	4,421,186	6,604,073
Hotel operation income	365,388	394,920
Revenue from other sources		
Gross rental income	447,380	454,966
	5,233,954	7,453,959
Other income and gains, net:		
Interest income	23,417	147,539
Foreign exchange difference, net	33,465	210,498
Others	453,081	523,274
	509,963	881,311

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

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

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

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

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

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

The Group's revenue from contracts with customers for the six months ended 30 June 2024 as follows:

	Property development RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<i>Type of revenue recognition:</i>			
Sales of properties	4,421,186	—	4,421,186
Provision of services	—	365,388	365,388
Total revenue from contracts with customers	4,421,186	365,388	4,786,574
<i>Timing of revenue recognition:</i>			
Recognised at a point in time	4,153,882	—	4,153,882
Recognised over time	267,304	365,388	632,692
Total revenue from contracts with customers	4,421,186	365,388	4,786,574

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

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

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

The segment results for the six months ended 30 June 2024 are as follows:

	Property development (Note) RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:				
Sales to external customers and revenue	4,421,186	447,380	365,388	5,233,954
Segment results	(5,418,295)	(187,214)	92,791	(5,512,718)
<i>Reconciliation:</i>				
Interest income and unallocated income				509,963
Unallocated expenses				(905,890)
Finance costs				(1,910,503)
Loss before tax				(7,819,148)
Income tax expenses				(313,868)
Loss for the period				(8,133,016)

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

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

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

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

5. Finance Costs

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank and other borrowings	2,301,817	3,026,854
Interest on lease liabilities	9,393	24,457
Less: Interest capitalised	(400,707)	(1,716,660)
	1,910,503	1,334,651

6. Loss Before Tax

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	4,894,630	6,809,100
Less: Government grant released	—	(3,534)
	4,894,630	6,805,566
Cost of services provided	241,495	205,986
Depreciation	125,284	165,068
Amortisation of land use rights	38,181	40,954
Less: Amount capitalised in assets under construction	(23,411)	(25,190)
	14,770	15,764
Loss/(gain) on disposal of items of property, plant and equipment	47,016	(203)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	221,757	361,758
Share based compensation expenses	—	459
Pension scheme contributions (defined benefit plans)	14,849	18,843
	236,606	381,060
Less: Amount capitalised in assets under construction, properties under development and investment properties under development	(17,490)	(86,720)
	219,116	294,340
Impairment losses recognised for properties under development and completed properties held for sales*	3,917,521	2,509,844

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

7. Income Tax Expenses

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current – in the People’s Republic of China (“PRC”)		
Corporate income tax (“CIT”)	399,319	314,443
Land appreciation tax (“LAT”)	98,662	185,098
Deferred	497,981 (184,113)	499,541 (370,551)
Total tax charge for the period	313,868	128,990

For the six months ended 30 June 2024, the share of CIT expense and LAT expense attributable to the joint ventures amounting to approximately RMB189,198,000 (2023: approximately RMB632,836,000) and approximately RMB188,515,000 (2023: approximately RMB317,823,000), respectively, are included in “Share of losses of joint ventures” in the unaudited condensed consolidated statement of profit or loss.

For the six months ended 30 June 2024, the share of CIT expense and LAT expense attributable to the associates amounting to approximately RMB4,350,000 (2023: approximately RMB37,093,000) and approximately RMB1,202,000 (2023: approximately RMB26,745,000) are included in “Share of losses of the associates” in the unaudited condensed consolidated statement of profit or loss.

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2024 and 2023.

PRC CIT

PRC CIT in respect of operations in the PRC have been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2024 and 2023, based on existing legislation, interpretations and practices in respect thereof.

PRC LAT

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

8. Dividends

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2024 (2023: Nil).

9. Loss Per Share Attributable to Owners of the Company

The calculation of the basic loss per share amounts for the six months ended 30 June 2024 is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 3,418,883,945 (2023: 3,418,602,066) in issue during the period.

For the six months ended 30 June 2024, the calculation of the diluted loss per share amounts is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation of 3,418,883,945 (2023: 3,418,602,066).

Diluted loss per share amount for the period ended 30 June 2024 was the same as the basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the period (2023: 293,213).

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company	(8,223,670)	(9,888,712)

	Number of shares	
	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic loss per share calculation	3,418,883,945	3,418,602,066
Effect of dilution – awarded shares	–	293,213
Weighted average number of ordinary shares used in diluted loss per share calculation	3,418,883,945	3,418,895,279

10. Property, Plant and Equipment

During the six months ended 30 June 2024, the Group had additions of property, plant and equipment at a total cost of approximately RMB67,135,000 (2023: approximately RMB235,411,000).

11. Trade Receivables

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

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	244,838	189,666
7 to 12 months	58,788	75,281
Over 1 year	49,095	66,700
	352,721	331,647

12. Cash and Bank Balances

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash and bank balances	1,515,673	1,719,395
Less: Restricted cash	(823,017)	(938,037)
Cash and cash equivalents	692,656	781,358

13. Trade and Bills Payables

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

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	10,992,027	11,732,746
Over one year	8,837,627	7,669,774
	19,829,654	19,402,520

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

14. Interest-bearing Bank and Other Borrowings

	As at	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current		
Bank and other loans (note (c))		
– secured	10,158,742	5,307,342
– unsecured	361,443	324,373
– denominated in HK\$, secured	1,827,585	1,811,711
– denominated in US\$, secured	1,070,843	1,289,317
Current portion of long-term bank loans (note (c))		
– secured	2,959,993	4,463,594
– unsecured	7,745	109,885
Senior notes – denominated in US\$, secured (note (a))	27,947,734	27,749,918
Domestic corporate bonds – secured (note (b))	80,831	30,920
	44,414,916	41,087,060
Non-current		
Bank and other loans (note (c))		
– secured	24,529,744	28,513,887
– unsecured	307,277	330,134
Domestic corporate bonds – secured (note (b))	3,403,327	3,404,891
	28,240,348	32,248,912
	72,655,264	73,335,972

- (i) Certain items of the Group's borrowings are secured by buildings, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB81,026,817,000 as at 30 June 2024 (31 December 2023: approximately RMB84,958,778,000).
- (ii) As at 30 June 2024 and 31 December 2023, the equity interests of certain subsidiaries of the Group were pledged to certain banks for the loans granted to the Group.
- (iii) As at 30 June 2024 and 31 December 2023, the senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their equity interests.

Except for the above mentioned borrowings denominated in HK\$ and US\$, all borrowings were denominated in RMB as at 30 June 2024 and 31 December 2023. All of the Group's bank loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB8,859,162,000 (31 December 2023: approximately RMB9,487,251,000), which were charged at fixed interest rate as at 30 June 2024. The Group's senior notes and domestic corporate bonds were charged at fixed interest rates as at 30 June 2024 and 31 December 2023.

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

Notes:

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

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

The outstanding principal of US\$63,531,000 and the accrued unpaid interests were not settled on the maturity date and remained outstanding as at 30 June 2024. For further details, please refer to the related announcement of the Company dated 31 August 2023.

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

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

The outstanding principal of US\$458,000,000 and the accrued unpaid interests were not settled on the maturity date and remained outstanding as at 30 June 2024. For further details, please refer to the related announcement of the Company dated 4 March 2024.

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

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

Notes: (Continued)

(a)(iii) (Continued)

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

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

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

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

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

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

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

Notes: (Continued)

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

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

For the new 6.00% senior notes with principal amount of US\$794,925,800, the Company has not made a redemption payment of US\$119,238,870 for such part of the principal due on 14 May 2023, and the interest thereon. Under the terms of this senior note, failure to pay such part of the principal on the mandatory redemption date has constituted an event of default. For further details, please refer to the related announcement of the Company dated 14 May 2023. These amounts remained outstanding as at 30 June 2024.

- (a)(v) On 2 September 2022, the Company offered to exchange for at least US\$560,000,000, or 80%, of the aggregate outstanding principal amount of the senior notes due 1 September 2023. For holders accepting the exchange offer, a new senior notes carry interest at a rate of 7.875% per annum with final maturity date of 30 August 2024 would be issued to exchange for the outstanding principal. The Company has received US\$636,469,000 valid tenders to accept the exchange offer. Accordingly, on 30 September 2022, new 7.875% senior notes have been issued to the holders accepting the exchange offer. The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 30 August 2024. Interest on the senior notes is payable semi-annually in arrears on 28 February and 30 August of each year, commencing on 28 February 2023. For further details on the senior notes, please refer to the related announcements of the Company dated 2 September 2022, 13 September 2022, 30 September 2022 and 5 October 2022.
- (b)(i) On 28 March 2016, Guangzhou Tianjian, a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,200,000,000.

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

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

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

Notes: (Continued)

(b)(i) (Continued)

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

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

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

During the bond holders meeting held from 25 October to 6 November, 2023, resolutions were made and the Group was granted with a grace period that extended the final repayment date to 16 April 2028 for the Type 4 corporate bond, of which the principal amounts to RMB1,119,468,000 and will originally mature at 28 March 2026 by pledging the usufruct of the Group's subsidiaries. According to the related extension arrangement, the Group is required to arrange repayment no later than 16 August 2024 and 16 November 2024 respectively, and the remaining outstanding principal would be fully repaid by six installments months after the extension.

On 14 August 2024, Guangzhou Tianjian repaid part of the Type 4 Bonds with the aggregate principal amount of RMB110,000.

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

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

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

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

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

During the bond holders meeting held from 25 October to 30 October, 2023, resolutions were made and the Group was granted with a grace period that extended the final repayment date to 16 October 2027 for the Type 7 corporate bond, of which the principal amounts to RMB1,670,000,000 and will originally mature at 14 October 2023 by pledging the usufruct of the Group's subsidiaries. According to the related extension arrangement, the Group is required to arrange repayment no later than 16 February 2024 and 16 May 2024 respectively, and the remaining outstanding principal would be fully repaid by six installments after the extension.

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

Notes: (Continued)

(b)(ii) (Continued)

On 6 February 2024 and 14 May 2024, the Company repaid part of the Type 7 Bonds with the aggregate principal amount of RMB21,650,000.

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

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

During the bond holders meeting held from 25 October to 30 October, 2023, resolutions were made and the Group was granted with a grace period that extended the final repayment date to 16 October 2027 for the Type 8 corporate bond, of which the principal amounts to RMB1,945,000,000 and will originally mature at 14 October 2023 by pledging the usufruct of the Group's subsidiaries. According to the related extension arrangement, the Group is required to arrange repayment no later than 16 February 2024 and 16 May 2024 respectively, and the remaining outstanding principal would be fully repaid by six installments after the extension.

On 6 February 2024 and 14 May 2024, the Company repaid part of the Type 8 Bonds with the aggregate principal amount of RMB200,000.

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

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

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

On 18 March 2023, Guangzhou Hejing repaid the Bonds.

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

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

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

On 25 August 2023, Guangzhou Hejing repaid the Bonds.

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

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

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

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

Notes: (Continued)

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

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

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

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

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

During the bond holders meeting held from 25 October to 30 October, 2023, resolutions were made and the Group was granted with a grace period that extended the final repayment date to 16 October 2027 for the corporate bond, of which the principal amounts to RMB2,000,000,000 and will originally mature at 2 August 2024 by pledging the usufruct of the Group's subsidiaries. According to the related extension arrangement, the Group is required to arrange repayment no later than 16 February 2024 and 16 May 2024 respectively, and the remaining outstanding principal would be fully repaid by six installments after the extension.

On 6 February 2024 and 14 May 2024, Guangzhou Hejing repaid part of the Bonds with the aggregate principal amount of RMB8,700,000.

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

- (c) The bank loans carry interests at prevailing market rates ranging from 3.0% to 12.1% per annum as at 30 June 2024 (31 December 2023: 3.4% to 10% per annum).

- (d) The Group has established a contemplated strategy to repurchase and sell its own domestic corporate bonds and senior notes (collectively the "Bonds"), from time to time, in the open market, for the purposes of managing its overall leverage and reducing the Group's overall borrowing costs. During the six months ended 30 June 2023, the Group redeemed and sold the Bonds with the aggregate principal amounts of approximately RMB480,532,000 and RMB771,150,000, respectively. No bond was redeemed or sold during the six months ended 30 June 2024.

15. Share Capital

	30 June 2024		As at 31 December 2023	
	No. of shares (Unaudited)	RMB'000 (Unaudited)	No. of shares (Audited)	RMB'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.10 each	8,000,000,000	786,113	8,000,000,000	786,113
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	3,418,883,945	325,768	3,418,883,945	325,768

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

	Number of shares in issue (Unaudited)	Issued capital RMB'000 (Unaudited)	Treasury Shares RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2024	3,418,883,945	325,768	—	452,130	777,898
At 30 June 2024	3,418,883,945	325,768	—	452,130	777,898
	Number of shares in issue (Unaudited)	Issued capital RMB'000 (Unaudited)	Treasury Shares RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2023	3,418,506,445	325,735	(8)	447,258	772,985
Issue of treasury shares	377,500	33	(33)	—	—
Vested awarded shares transferred to employees	—	—	41	4,872	4,913
At 30 June 2023	3,418,883,945	325,768	—	452,130	777,898

16. Business Combination

Acquisition of a subsidiary

Before 12 January 2024, the Group held 50% equity interests in Hefei Meifu Real Estate Development Limited ("Hefei Meifu")[#] and accounted for it as a joint venture of the Group. Hefei Meifu is principally engaged in property development. On 12 January 2024, the Group acquired 50% shares of Hefei Meifu, which was held by Midea Real Estate Group Limited, for consideration of RMB25,000,000. The Group thus obtained control over Hefei Meifu and accounted for Hefei Meifu as a subsidiary of the Group since then.

The fair values of the identifiable assets and liabilities of Hefei Meifu as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	1
Deferred tax assets	2,134
Property under development	9,380
Prepayment, deposits and other receivables	65,077
Trade receivables	377
Cash and bank balance	6,560
Trade payables	(10,496)
Other payables and accruals	(4,122)
Tax payables	(245)
Deferred tax liabilities	(18)
Total identifiable net assets at fair value	68,648
Equity interest in the company held by the Group prior to the acquisition	(30,775)
Gain on acquisition of the subsidiary	(12,873)
Satisfied by other receivables	25,000

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

	RMB'000
Cash considerations	(25,000)
Cash and cash equivalents acquired	6,560
Net outflow of cash and cash equivalents included in cash flows from investing activities	(18,440)

Since the acquisition, Hefei Meifu contributed no revenue, and loss of approximately RMB13,000 to the Group.

Had the combination taken place at the beginning of the period, the revenue and the loss of the Group for the six months ended 30 June 2024 would have been approximately RMB5,233,954,000 and RMB8,168,773,000.

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

17. Disposal of Subsidiaries

During the year, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposals are as follows:

	RMB'000
Disposal consideration	
— Outstanding and included in other receivables	230,545
Less:	
— Total net assets of subsidiaries disposed of	(52,887)
Gains on disposals	177,658
Cash proceeds from disposals, net of cash disposed of	
— Cash and cash equivalents in the subsidiaries disposed of	(1,362)
Net cash outflow on disposals	(1,362)

18. Financial Guarantees

- (i) As at 30 June 2024, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties amounting to approximately RMB12,140,321,000 (31 December 2023: approximately RMB13,484,269,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled, but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considered that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial information as at 30 June 2024 and 31 December 2023 for the guarantees.

- (ii) As at 30 June 2024, the Group had provided guarantees in respect of certain bank loans of approximately RMB17,588,097,000 (31 December 2023: approximately RMB18,703,676,000) for its joint ventures and associates.

19. Commitments

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

	As at	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	1,063,787	1,066,953
Properties being developed by the Group for sale	7,503,547	7,563,352
Investment properties	412,919	420,261
	8,980,253	9,050,566

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

	As at	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for	2,456,941	2,283,035

20. Related Party Transactions

(i) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short term employee benefits	7,209	8,545
Post-employment benefits	308	296
Share based compensation expenses	—	147
Total compensation paid to key management personnel	7,517	8,988

20. Related Party Transactions (Continued)

(ii) Outstanding balances with related parties:

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Included in interests in joint ventures:		
Advances to joint ventures	22,378,432	21,916,756
Included in interests in associates:		
Advances to associates	682,158	683,480
Included in prepayments, other receivables and other assets:		
Due from KWG Living	194,440	194,440
Included in trade and bills payables:		
Due to subsidiaries of KWG Living	848,094	764,619
Included in current assets:		
Due from a joint venture	19,129	21,532
Included in current liabilities:		
Due to associates	1,374,879	2,483,159
Due to joint ventures	8,080,491	8,028,741

As at 30 June 2024, the advances to joint ventures as shown above are unsecured, interest-free and not repayable within 12 months.

As at 31 December 2023, except for the advances to joint ventures with an aggregate amount of approximately RMB1,483,872,000 which are interest-bearing at rates ranging from 6.0% to 16.0% per annum, the advances to joint ventures as shown above are unsecured, interest-free and not repayable within 12 months.

As at 30 June 2024 and 31 December 2023, the advances to associates are unsecured, interest-free and repayable on demand.

As at 30 June 2024 and 31 December 2023, the balances with the joint ventures and associates included in the Group's current assets and current liabilities are unsecured, interest-free and repayable on demand.

20. Related Party Transactions (Continued)

- (iii) During the six months ended 30 June 2024, the Group leased some properties to related companies, of which an executive director of the Company is the ultimate beneficial owner, for a total cash consideration of approximately RMB9,280,000 (2023: approximately RMB10,157,000), which was recognised as rental income of the Group. The rental income was determined at rates mutually agreed between the Group and the executive director.
- (iv) KWG Living Group became a related party of the Company since its listing of the ordinary shares of KWG Living on the Main Board of the Stock Exchange on 30 October 2020 and the aggregate amounts set out below with KWG Living Group are for the transactions involved during the six months ended 30 June 2024.

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Rental income from KWG Living Group		
Property Lease:		
Properties	2,198	1,600
Car parking lots	3,774	3,450
	5,972	5,050
Information technology income	1,000	1,000
Service fees to KWG Living Group		
Residential Property Management Services:		
Residential pre-sale management services	14,302	57,545
Residential property management services	54,413	65,225
	68,715	122,770
Property Agency Services	25,470	2,206
Commercial Property Management Services:		
Commercial pre-sale management services	5,203	9,027
Commercial property management services	82,269	74,287
	87,472	83,314
Commercial Operational and Value-added Services:		
Commercial operational services	38,530	59,790
Commercial value-added services	8,468	7,935
	46,998	67,725
Publicity Planning Service	7,167	20,073
Marketing Channel Management Service	290	435

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

20. Related Party Transactions (Continued)

- (v) During the six months ended 30 June 2024, the Group provided project management services to certain joint ventures and associates of the Group for a total cash consideration of approximately RMB213,747,000 (2023: approximately RMB74,694,000), which was recognised as other income of the Group. The project management fee income was determined at rates mutually agreed between the Group and the joint ventures and associates.
- (vi) During the six months ended 30 June 2024, no interest income was recognised as other income of the Group, which was determined at rates mutually agreed between the Group and the joint ventures and associates.

During the six months ended 30 June 2023, the Group provided advances to certain joint ventures and associates at the interest rates ranging from 6.0% to 16.0% per annum. The interest income of approximately RMB65,449,000 was recognised as other income of the Group, which was determined at rates mutually agreed between the Group and the joint ventures and associates.

(vii) **Other transactions with related parties:**

Details of guarantees given by the Group to banks in connection with bank loans granted to its joint ventures and associates are included in note 18(ii) to the unaudited condensed consolidated interim financial information.

21. Fair Value and Fair Value Hierarchy of Financial Instruments

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

	Carrying amounts As at 30 June 2024 RMB'000 (Unaudited)	Fair values As at 30 June 2024 RMB'000 (Unaudited)	Carrying amounts As at 31 December 2023 RMB'000 (Audited)	Fair values As at 31 December 2023 RMB'000 (Audited)
Financial liabilities				
Interest-bearing bank and other borrowings	72,655,264	43,924,205	73,335,972	46,508,090

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

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

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

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

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2024 was assessed to be insignificant.

The Group did not have any financial assets and financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

During the six months ended 30 June 2024 and the year ended 31 December 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Liabilities for which fair values are disclosed:

As at 30 June 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Interest-bearing bank and other borrowings	—	43,924,205	—	43,924,205

As at 31 December 2023

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Interest-bearing bank and other borrowings	—	46,508,090	—	46,508,090

22. Approval of the Unaudited Condensed Consolidated Interim Financial Information

The unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 28 August 2024.