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If you have sold or transferred all your shares in **KWG Group Holdings Limited**, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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KWG GROUP HOLDINGS LIMITED

合景泰富集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

MAJOR TRANSACTIONS —
(1) DISPOSAL OF 50% EQUITY INTEREST
IN HANGZHOU ZHIYAN;
AND
(2) DISPOSAL OF 50% EQUITY INTEREST
IN SUZHOU JINGYU AND
51% EQUITY INTEREST IN SUZHOU ZHUOYU

The Disposals and the Agreements have been approved by way of written shareholders' approval obtained from Mr. KONG Jianmin, Mr. KONG Jiantao, Mr. KONG Jiannan (being a closely allied group of Shareholders who are parties acting in concert among themselves within the meaning of Takeovers Code) in lieu of a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

A letter from the Board is set out on pages 6 to 21 of this circular.

24 April 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreements”	the Hangzhou Agreement and the Suzhou Agreement, collectively
“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	KWG Group Holdings Limited (合景泰富集團控股有限公司) (stock code: 1813), a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion Dates”	the Hangzhou Completion Date and the Suzhou Completion Date
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposals”	the Hangzhou Disposal and the Suzhou Disposal, collectively
“GFA”	gross floor area
“Greentown Real Estate” or “Suzhou Purchaser”	Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Greentown China Holdings Limited, a company listed on the Stock Exchange (stock code: 03900)
“Group”	the Company and its subsidiaries
“Guangzhou Hejing”	Guangzhou Hejing Holdings Group Limited* (廣州合景控股集團有限公司), a wholly-owned subsidiary of the Company
“Hangzhou Agreement”	the equity transfer agreement dated 15 August 2023 entered into among the Hangzhou Vendor, the Hangzhou Purchaser, the Hangzhou Target Company, Hangzhou Greentown, Greentown Real Estate and Guangzhou Hejing in respect of the Hangzhou Disposal
“Hangzhou Completion Date”	18 August 2023, being the date of fulfillment (or waiver, if applicable) of all the Hangzhou Conditions

DEFINITIONS

“Hangzhou Conditions”	the conditions precedent to the Hangzhou Disposal
“Hangzhou Consideration”	the consideration of the Hangzhou Sale Equity, being RMB1,176,610,580
“Hangzhou Disposal”	the disposal of the Hangzhou Sale Equity by the Hangzhou Vendor to the Hangzhou Purchaser pursuant to the Hangzhou Agreement
“Hangzhou Greentown”	Hangzhou Greentown Zhiyan Urban Development Co., Ltd.* (杭州綠城致延城市發展有限公司), a company established in the PRC with limited liability and wholly owned by the Hangzhou Target Company
“Hangzhou Loan”	the loan owed by Guangzhou Hejing to Hangzhou Greentown in the total amount of RMB1,212,610,580 (including principal and accrued interest)
“Hangzhou Pledge”	the pledge of the Hangzhou Sale Equity by Guangzhou Hejing as security for certain loans owed by the Hangzhou Vendor and Guangzhou Hejing
“Hangzhou Project”	Hangzhou Oriental Dawn Project (杭州春來曉園項目) located in Hangzhou, China
“Hangzhou Purchaser”	Hangzhou Zheqing Investment Co., Ltd.* (杭州浙慶投資有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of Greentown China Holdings Limited
“Hangzhou Sale Equity”	the 50% equity interest in the Hangzhou Target Company
“Hangzhou Target Company” or “Hangzhou Zhiyan”	Hangzhou Zhiyan Investment Co., Ltd.* (杭州致延投資有限公司), a company established in the PRC with limited liability, and is owned as to 50% by the Hangzhou Vendor and 50% by the Hangzhou Purchaser as at the date of the Hangzhou Agreement
“Hangzhou Vendor”	Hangzhou Gaoxin Business Service Co., Ltd.* (杭州高信商務服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling Shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Latest Practicable Date”	24 April 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lunar River Project”	Lunar River Project (明月濱河), a residential property project situated at land parcel Sudi No. 2020-WG-19 Plot
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Moonlit River Project”	Moonlit River Project (朗月濱河雅苑), a residential property project situated at land parcel Sudi No. 2020-WG-52 Plot
“PRC”	the People’s Republic of China
“Projects”	the Hangzhou Project, the Lunar River Project and the Moonlit River Project, collectively
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Shanghai Chisheng”	Shanghai Chisheng Real Estate Co., Ltd.* (上海馳晟置業有限公司), a company established under the laws of the PRC with limited liability
“Share(s)”	ordinary shares with nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Suzhou Agreement”	the equity transfer agreement dated 15 August 2023 entered into among the Suzhou Vendors, the Suzhou Purchaser, the Suzhou Target Companies, Guangzhou Hejing and Hangzhou Greentown in respect of the Suzhou Disposal
“Suzhou Completion Date”	24 August 2023, being the date of fulfillment (or waiver, if applicable) of all the Suzhou Conditions
“Suzhou Conditions”	the conditions precedent to the Suzhou Disposal
“Suzhou Consideration”	Suzhou Consideration 1 and Suzhou Consideration 2, collectively
“Suzhou Consideration 1”	the consideration of Suzhou Sale Equity 1, being RMB517,351,696.11
“Suzhou Consideration 2”	the consideration of Suzhou Sale Equity 2, being RMB378,000,000.38
“Suzhou Disposal”	the disposal of Suzhou Sale Equity 1 by Suzhou Vendor 1 and Suzhou Sale Equity 2 by Suzhou Vendor 2 to the Suzhou Purchaser pursuant to the Suzhou Agreement
“Suzhou Loan 1”	the loan owed by Suzhou Vendor 1 and its associates to Suzhou Target Company 1 in the total amount of RMB271,309,291.11 (including principal and accrued interest)
“Suzhou Loan 2”	the loan owed by Suzhou Vendor 2 and its associates to Suzhou Target Company 2 in the total amount of RMB431,922,405.38 (including principal and accrued interest)
“Suzhou Pledge”	the pledge of Suzhou Sale Equity 1 by Suzhou Vendor 1 and Suzhou Sale Equity 2 by Suzhou Vendor 2 as security for the Suzhou Secured Loan
“Suzhou Sale Equity 1”	the 50% equity interest in Suzhou Target Company 1
“Suzhou Sale Equity 2”	the 51% equity interest in Suzhou Target Company 2
“Suzhou Secured Loan”	the loan in the amount of approximately RMB109 million (including principal, accrued interest and default interest as at the date of the Suzhou Agreement, the final amount of which shall be confirmed on the Suzhou Completion Date) owed by Guangzhou Hejing and the Hangzhou Vendor which was secured by the Suzhou Pledge
“Suzhou Target Companies”	Suzhou Target Company 1 and Suzhou Target Company 2, collectively

DEFINITIONS

“Suzhou Target Company 1” or “Suzhou Jingyu”	Suzhou Jingyu Real Estate Development Co., Ltd.* (蘇州市景譽房地產開發有限公司), a company established in the PRC with limited liability, and is owned as to 50% by Suzhou Vendor 1 as at the date of the Suzhou Agreement
“Suzhou Target Company 2” or “Suzhou Zhuoyu”	Suzhou Zhuoyu Real Estate Development Co., Ltd.* (蘇州市卓譽房地產開發有限公司), a company established in the PRC with limited liability, and is owned as to 51% by Suzhou Vendor 2 as at the date of the Suzhou Agreement
“Suzhou Vendor 1”	Suzhou Jinhe Real Estate Development Co., Ltd.* (蘇州市金和房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Suzhou Vendor 2”	Suzhou Shangyu Real Estate Development Co., Ltd.* (蘇州市上譽房地產開發有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Suzhou Vendors”	Suzhou Vendor 1 and Suzhou Vendor 2, collectively
“Suzhou Zesheng”	Suzhou Zesheng Real Estate Development Co., Ltd.* (蘇州澤晟房地產開發有限公司), a company established under the laws of the PRC with limited liability
“Takeovers Code”	Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, as amended, supplemented or otherwise modified from time to time

* For identification purposes only



KWG GROUP HOLDINGS LIMITED

合景泰富集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

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Mr. KONG Jiantao

Mr. KONG Jiannan

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24 April 2025

To the Shareholders:

Dear Sir or Madam,

MAJOR TRANSACTIONS —
(1) DISPOSAL OF 50% EQUITY INTEREST
IN HANGZHOU ZHIYAN;
AND
(2) DISPOSAL OF 50% EQUITY INTEREST
IN SUZHOU JINGYU AND
51% EQUITY INTEREST IN SUZHOU ZHUOYU

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcements of the Company dated 15 August 2023 in relation to, among others, the Hangzhou Disposal and the Suzhou Disposal.

On 15 August 2023, the Hangzhou Vendor, the Hangzhou Purchaser, Hangzhou Target Company, Hangzhou Greentown, Greentown Real Estate and Guangzhou Hejing entered into the Hangzhou Agreement pursuant to which, the Hangzhou Vendor has conditionally agreed to sell, and the Hangzhou Purchaser has conditionally agreed to acquire, the Hangzhou Sale Equity at the Hangzhou Consideration of RMB1,176,610,580.

On 15 August 2023, Suzhou Vendor 1, Suzhou Vendor 2, the Suzhou Purchaser, Suzhou Target Company 1, Suzhou Target Company 2, Guangzhou Hejing and Hangzhou Greentown entered into the Suzhou Agreement pursuant to which, (i) Suzhou Vendor 1 has conditionally agreed to sell, and the Suzhou Purchaser has conditionally agreed to acquire, Suzhou Sale Equity 1 at the Suzhou Consideration 1 of RMB517,351,696.11; and (ii) Suzhou Vendor 2 has conditionally agreed to sell, and the Suzhou Purchaser has conditionally agreed to acquire, Suzhou Sale Equity 2 at the Suzhou Consideration 2 of RMB378,000,000.38.

The purpose of this circular is to provide you with, among other things, (i) details of the Hangzhou Agreement and the Hangzhou Disposal; (ii) details of the Suzhou Agreement and the Suzhou Disposal; (iii) financial information of the Group; (iv) valuation reports in relation to the Projects; and (v) other information required under the Listing Rules.

(1) THE HANGZHOU DISPOSAL

The salient terms of the Hangzhou Agreement are summarised below:

- Date:** 15 August 2023
- Parties:**
- (a) the Hangzhou Vendor;
 - (b) the Hangzhou Purchaser;
 - (c) the Hangzhou Target Company;
 - (d) Hangzhou Greentown;
 - (e) Greentown Real Estate; and
 - (f) Guangzhou Hejing

Greentown Real Estate is a substantial shareholder of an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. As such, Greentown Real Estate is not a connected person of the Company under the Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Hangzhou Purchaser and its ultimate beneficial owners are Independent Third Parties as at the Latest Practicable Date.

LETTER FROM THE BOARD

Subject matter

Pursuant to the terms and Hangzhou Conditions of the Hangzhou Agreement, the Hangzhou Vendor has conditionally agreed to sell, and the Hangzhou Purchaser has conditionally agreed to acquire, the Hangzhou Sale Equity at the Hangzhou Consideration of RMB1,176,610,580.

Hangzhou Consideration

The Hangzhou Consideration was determined after arm's length negotiations between the Hangzhou Vendor and the Hangzhou Purchaser having taken into account factors including the net asset value, total credits and debts of, and properties selling rate achieved by, the Hangzhou Target Company and Hangzhou Greentown as at 30 June 2023.

Settlement of the Hangzhou Loan

As at 30 June 2023, the outstanding Hangzhou Loan owed by Guangzhou Hejing to Hangzhou Greentown amounted to RMB1,212,610,580, which shall be settled in the following manner:

- (i) within 3 working days upon the satisfaction of Hangzhou Condition (a) below, Guangzhou Hejing and the Hangzhou Vendor shall partially repay the Hangzhou Loan in the amount of RMB36,000,000 to the designated bank account of Hangzhou Greentown (the "**First Settlement**"); and
- (ii) on the Hangzhou Completion Date, the balance of the Hangzhou Loan (being an amount equivalent to the Hangzhou Consideration) shall be set off against the Hangzhou Consideration payable by the Hangzhou Purchaser to the Hangzhou Vendor (the "**Final Settlement**").

Conditions Precedent to the Hangzhou Disposal

Completion of the Hangzhou Disposal shall be conditional upon the fulfilment (or waiver by the Hangzhou Purchaser, if any, save for Hangzhou Condition (a) which is not waivable) of the following Hangzhou Conditions:

- (a) the Hangzhou Agreement having been executed and all necessary consents and approvals pursuant to applicable laws, rules and regulations (including but not limited to the Listing Rules and relevant rules of the state-owned asset supervision and administration department, if applicable) having been obtained by Greentown China Holdings Limited and the Company (including but not limited to the obtaining of their respective shareholders' approval, if necessary);
- (b) all necessary internal approvals having been obtained by the Hangzhou Vendor;
- (c) all necessary internal approvals having been obtained by the Hangzhou Purchaser;

LETTER FROM THE BOARD

- (d) Guangzhou Hejing and the Hangzhou Vendor having completed the First Settlement according to the terms of the Hangzhou Agreement;
- (e) all necessary internal approvals having been obtained by the Hangzhou Target Company;
- (f) all representations and warranties made by the Hangzhou Vendor under the Hangzhou Agreement remain true and accurate and not misleading as at the Hangzhou Completion Date; and
- (g) there being no material adverse event occurring to the Hangzhou Target Company and Hangzhou Greentown as at the Hangzhou Completion Date.

As at the Latest Practicable Date, all conditions have been fulfilled and none of them have been waived. Accordingly, the Hangzhou Disposal was completed in August 2023.

Hangzhou Transfer

Within 3 working days from the Final Settlement, the Hangzhou Pledge shall be released. Within 3 working days from the release of the Hangzhou Pledge, the registration procedures for the transfer of the Hangzhou Sale Equity shall be completed (the “**Hangzhou Transfer**”).

Financial Effect of the Hangzhou Disposal

The Company recorded a gain of approximately RMB1.6 million from the Hangzhou Disposal. Such gain was calculated as the difference between the Hangzhou Consideration and the net asset value of the Hangzhou Target Company as at 30 June 2023 attributable to the Hangzhou Sale Equity.

Information on the Hangzhou Target Company

The Hangzhou Target Company is a limited liability company established in the PRC by the Hangzhou Purchaser and the Hangzhou Vendor pursuant to an agreement dated 28 June 2019 for the purpose of managing the Hangzhou Project through Hangzhou Greentown. As at the date of the Hangzhou Agreement, Hangzhou Greentown is wholly owned by the Hangzhou Target Company, which is in turn owned as to 50% by the Hangzhou Vendor and 50% by the Hangzhou Purchaser.

LETTER FROM THE BOARD

Set out below is a summary of the unaudited consolidated financial information of the Hangzhou Target Company for the two years ended 31 December 2021 and 2022:

	For the year ended 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) before tax	(103,171)	213,039
Profit/(loss) after tax	(77,379)	89,743

The unaudited consolidated net asset value of the Hangzhou Target Company as at 30 June 2023 was approximately RMB2.35 billion.

The financial statements of the Hangzhou Target Company are not consolidated into the Company's financial statements. Upon completion of the Hangzhou Disposal, the Group shall cease to have any interests in the Hangzhou Target Company.

Reasons for and Benefits of the Hangzhou Disposal

As of the Latest Practicable Date, Hangzhou Greentown has completed the development of the Hangzhou Project. Prior to such completion and before any such properties are delivered to the property purchasers, the Hangzhou Target Company had already received prepayments from property purchasers of the Hangzhou Project, which were then channeled to the Hangzhou Vendor in the form of the Hangzhou Loan for the benefit of the Hangzhou Vendor. The Board considers that it is an appropriate timing now to exit from the Hangzhou Project with proper settlement of the corresponding debts. This will allow the Group to reduce its overall outstanding debt balances and focus its resources on other property projects.

As the entire amount of the Hangzhou Consideration will be used to set off against the Hangzhou Loan, there will be no cash receivable by the Group.

In view of the above, the Board considers that the terms and conditions of the Hangzhou Agreement have been made on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(2) THE SUZHOU DISPOSAL

The salient terms of the Suzhou Agreement are summarised below:

- Date:** 15 August 2023
- Parties:**
- (a) Suzhou Vendor 1;
 - (b) Suzhou Vendor 2;
 - (c) the Suzhou Purchaser;
 - (d) Suzhou Target Company 1;
 - (e) Suzhou Target Company 2;
 - (f) Guangzhou Hejing; and
 - (g) Hangzhou Greentown

The Suzhou Purchaser is a substantial shareholder of an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. As such, the Suzhou Purchaser is not a connected person of the Company under the Listing Rules. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Suzhou Purchaser and its ultimate beneficial owners are Independent Third Parties as at the date of the Latest Practicable Date.

Subject matter

Pursuant to the terms and conditions of the Suzhou Agreement, (i) Suzhou Vendor 1 has conditionally agreed to sell, and the Suzhou Purchaser has conditionally agreed to acquire, Suzhou Sale Equity 1 at the Suzhou Consideration 1 of RMB517,351,696.11; and (ii) Suzhou Vendor 2 has conditionally agreed to sell, and the Suzhou Purchaser has conditionally agreed to acquire, Suzhou Sale Equity 2 at the Suzhou Consideration 2 of RMB378,000,000.38.

Suzhou Consideration

The Suzhou Consideration was determined after arm's length negotiations between the Suzhou Vendors and the Suzhou Purchaser having taken into account factors including the net asset value, total credits and debts of, and properties selling and destocking rate achieved by, the Suzhou Target Companies as at 30 June 2023.

LETTER FROM THE BOARD

As at 30 June 2023, the outstanding Suzhou Loan 1 owed by Suzhou Vendor 1 to Suzhou Target Company 1 amounted to RMB271,309,291.11 and the outstanding Suzhou Loan 2 owed by Suzhou Vendor 2 to Suzhou Target Company 2 amounted to RMB431,922,405.38. In view of the outstanding Suzhou Loan 1 and Suzhou Loan 2, the parties have agreed to settle the Suzhou Consideration with Suzhou Loan 1 and Suzhou Loan 2 in the following manner:

- (i) Suzhou Consideration 1 shall be set off against the full amount of Suzhou Loan 1 of RMB271,309,291.11 of, and partial amount of Suzhou Loan 2 of RMB53,922,405. Upon such set off, the balance of Suzhou Consideration 1 shall become RMB192,120,000 (the “**Balance of Suzhou Consideration 1**”); and
- (ii) Suzhou Consideration 2 shall be fully set off against the remaining outstanding Suzhou Loan 2 of RMB378,000,000.38.

In addition, the Suzhou Vendors, being wholly-owned subsidiaries of Guangzhou Hejing, have also agreed to use part of the Suzhou Consideration to settle loans in the amount of RMB36,000,000 owed by Guangzhou Hejing to Hangzhou Greentown (the “**Greentown Loan**”), as detailed below.

Accordingly, the Balance of Suzhou Consideration 1 shall be settled in the following manner:

- (i) **First Instalment:** On the Suzhou Completion Date,
 - (a) the full amount of Suzhou Secured Loan shall be set off against the Balance of Suzhou Consideration 1;
 - (b) Suzhou Vendor 1 shall instruct the Suzhou Purchaser to pay RMB36,000,000 out of the Balance of Suzhou Consideration 1 to the designated bank account of Hangzhou Greentown as full settlement of the Greentown Loan; and
 - (c) the Suzhou Purchaser shall pay RMB8,000,000 to the designated bank account of Suzhou Vendor 1.
- (ii) **Second Instalment:** Within 3 working days after the completion of the Suzhou Transfer (defined below), the Suzhou Purchaser shall pay the remaining balance of the Balance of Suzhou Consideration 1 after deducting the First Instalment as described in (i) above and the Deposit as described in (iii) below.

LETTER FROM THE BOARD

- (iii) **Deposit:** Out of the Balance of Suzhou Consideration 1, RMB28,597,125.89 shall be treated as the Deposit to secure the performance of the Obligations (defined below) by the Suzhou Vendors and their associates. Among which, RMB21,314,959 (“**Deposit 1**”) shall be treated as deposit to secure the performance of Obligation 1, RMB5,000,000 (“**Deposit 2**”) shall be treated as deposit to secure the performance of Obligation 2, and RMB2,282,166.89 (“**Deposit 3**”) shall be treated as deposit to secure the performance of Obligation 3 (each of Obligation 1, Obligation 2 and Obligation 3 is defined below).

Suzhou Transfer

Within 5 working days from the settlement of the First Instalment, the Suzhou Pledge shall be released. Within 5 working days from the release of the Suzhou Pledge, the registration procedures for the transfer of the Suzhou Sale Equity 1 and the Suzhou Sale Equity 2 shall be completed (the “**Suzhou Transfer**”).

Obligations of the Parties

After the Suzhou Transfer, the Suzhou Purchaser, the Suzhou Vendors, Guangzhou Hejing and their respective associates shall cooperate and assist the Suzhou Target Companies to complete the following:

- (i) prior to the entering into of the Suzhou Agreement, the Suzhou Vendors have pledged 6 commercial properties of the Moonlit River Project and the Lunar River Project (the “**Properties**”, and each a “**Property**”) with carrying value of RMB21,314,959 as security for certain loans of the Suzhou Vendors or its associates. Within 6 months after the signing of the Suzhou Agreement, the Suzhou Vendors shall cause the aforesaid Suzhou Pledge to be released and assist the Suzhou Target Companies to negotiate to set off the outstanding construction debts owed by the Suzhou Target Companies with the Properties at prices not lower than as agreed in the Suzhou Agreement (“**Obligation 1**”);
- (ii) the Suzhou Vendors shall assist the Suzhou Target Companies to negotiate and enter into settlement agreement with the main contractor of the Moonlit River Project and the Lunar River Project by 31 December 2024 for settlement of damages caused by delays in construction and the pandemic (“**Obligation 2**”);
- (iii) the Suzhou Vendors shall assist the Suzhou Target Companies to settle all construction costs with the main contractor and sub-contractors of the Moonlit River Project and the Lunar River Project. If the total construction cost of the Moonlit River Project and the Lunar River Project is below RMB1.256 billion, the Suzhou Target Companies shall, within 5 working days of completion of such cost settlement, pay to the Suzhou Vendors 50% of such difference;

LETTER FROM THE BOARD

- (iv) Guangzhou Hejing shall coordinate with its associate, Guangzhou Junheng Building Materials Co., Ltd.* (廣州市君恒建材有限公司) (“**Junheng**”) for settlement of all trade payables owed by Junheng in the total amount of RMB2,282,166.89 within 30 days of the signing of the Suzhou Agreement (“**Obligation 3**”, and together with Obligation 1 and Obligation 2, the “**Obligations**”); and
- (v) for the guarantee provided by Guangzhou Hejing in favour of Industrial and Commercial Bank of China Limited (Suzhou Industrial Park Sub Branch) in respect of Suzhou Target Company 1 and the guarantee provided by Guangzhou Hejing in favour of Bank of China Limited (Suzhou Wuzhong Branch) and Agricultural Bank of China Limited (Suzhou Gusu Sub branch) in respect of Suzhou Target Company 2, the Suzhou Purchaser and the Suzhou Target Companies shall cause such guarantees to be released within 45 days from the date of the Suzhou Transfer, failure of which, the Suzhou Purchaser shall make default payment to the Suzhou Vendors at a rate of 0.03% of the Balance of Suzhou Consideration 1 for each day of default.

Refund of the Deposit

The Deposit shall be refunded in the following manner:

- (i) within 3 working days after performance of Obligation 1, the Suzhou Purchaser shall refund Deposit 1 to Suzhou Vendor 1 in accordance with the terms of the Suzhou Agreement. The Suzhou Purchaser is entitled to deduct from Deposit 1 as default payment in respect of each Property the Suzhou Vendors failed to release the Suzhou Pledge and/or negotiate for set-off arrangements as stipulated above;
- (ii) within 5 working days after performance of Obligation 2, the Suzhou Purchaser shall refund Deposit 2 to Suzhou Vendor 1 in accordance with the terms of the Suzhou Agreement. Subject to the final amount of damages reached by the Suzhou Vendors with the main contractor under the settlement agreement, the Suzhou Purchaser is entitled to deduct from, or retain the entirety of, Deposit 2 as default payment in accordance with the terms of the Suzhou Agreement; and
- (iii) within 3 working days after performance of Obligation 3, the Suzhou Purchaser shall refund Deposit 3 to Suzhou Vendor 1 in accordance with the terms of the Suzhou Agreement. The Suzhou Purchaser is entitled to deduct from Deposit 3 such amounts of trade payables failed to be settled by Junheng as default payment.

LETTER FROM THE BOARD

Conditions Precedent to the Suzhou Disposal

Completion of the Suzhou Disposal shall be conditional upon the fulfilment (or waiver by the Suzhou Purchaser, if any, save for Suzhou Condition (a) which is not waivable) of the following Suzhou Conditions:

- (a) the execution of the Suzhou Agreement and all necessary consents and approvals pursuant to applicable laws, rules and regulations (including but not limited to the Listing Rules and relevant rules of the state-owned asset supervision and administration department, if applicable) having been obtained by Greentown China Holdings Limited and the Company (including but not limited to the obtaining of their respective shareholders' approval, if necessary);
- (b) all necessary internal approvals having been obtained by the Suzhou Vendors;
- (c) all necessary internal approvals having been obtained by the Suzhou Purchaser;
- (d) all necessary internal approvals having been obtained by the Suzhou Target Companies;
- (e) all representations and warranties made by the Suzhou Vendors under the Suzhou Agreement remain true and accurate and not misleading as at the Suzhou Completion Date; and
- (f) there being no material adverse event occurring to the Suzhou Target Companies as at the Suzhou Completion Date.

As at the Latest Practicable Date, all conditions have been fulfilled and none of them have been waived. Accordingly, the Suzhou Disposal was completed in August 2023.

Financial Effect of the Suzhou Disposal

The Company recorded a gain of approximately RMB2 million from the Suzhou Disposal. Such gain was calculated as the difference between the Suzhou Consideration and the net asset values of the Suzhou Target Companies as at 30 June 2023 attributable to Suzhou Sale Equity 1 and Suzhou Sale Equity 2, respectively.

Information on the Suzhou Target Companies

Suzhou Target Company 1

Suzhou Target Company 1 is a limited liability company established in the PRC by Suzhou Vendor 1 and Suzhou Zesheng pursuant to an agreement dated 10 September 2020 for the purpose of the development of the Moonlit River Project. As at the date of the Suzhou Agreement, Suzhou Target Company 1 is owned as to 50% by Suzhou Vendor 1 and 50% by Suzhou Zesheng.

LETTER FROM THE BOARD

Set out below is a summary of the unaudited consolidated financial information of Suzhou Target Company 1 for the two years ended 31 December 2021 and 2022:

	For the year ended 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	7,033	14,416
Loss after tax	5,275	10,812

The unaudited net asset value of Suzhou Target Company 1 as at 30 June 2023 was approximately RMB1,039 million.

The financial statements of Suzhou Target Company 1 are not consolidated into the Company's financial statements. Upon completion of the Suzhou Disposal, the Group shall cease to have any interests in Suzhou Target Company 1.

Suzhou Target Company 2

Suzhou Target Company 2 is a limited liability company established in the PRC by Suzhou Vendor 2 and Shanghai Chisheng pursuant to an agreement dated 20 April 2020 for the purpose of the development of the Lunar River Project. As at the date of the Suzhou Agreement, Suzhou Target Company 2 is owned as to 51% by Suzhou Vendor 2 and 49% by Shanghai Chisheng.

Set out below is a summary of the unaudited consolidated financial information of Suzhou Target Company 2 for the two years ended 31 December 2021 and 2022:

	For the year ended 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) before tax	1,929	(27,912)
Profit/(loss) after tax	1,447	(20,934)

The unaudited net asset value of Suzhou Target Company 2 as at 30 June 2023 was approximately RMB733 million.

The financial statements of Suzhou Target Company 2 are consolidated into the Company's financial statements. Upon completion of the Suzhou Disposal, the Group shall cease to have any interests in Suzhou Target Company 2 and its financial results will no longer be consolidated into the Company's financial statements.

LETTER FROM THE BOARD

Reasons for and Benefits of the Suzhou Disposal

As of the Latest Practicable Date, the Suzhou Target Companies have principally completed the development of the Lunar River Project and the Moonlit River Project. Prior to such completion and before any such properties are delivered to the property purchasers, the Suzhou Target Companies had already received prepayments from property purchasers of the Lunar River Project and the Moonlit River Project which were then channeled to the Suzhou Vendors in the form of the Suzhou Loan 1 and Suzhou Loan 2 for the benefit of the Suzhou Vendors. The Board considers that it is an appropriate timing now to exit from the Lunar River Project and the Moonlit River Project with proper settlement of corresponding debts. This will allow the Group to reduce its overall outstanding debt balances and focus its resources on other property projects.

It is expected that the proceeds from the Suzhou Disposal after all the aforementioned set off arrangement in the amount of approximately RMB156 million will entirely be used by the Group as working capital. Such net proceeds, together with the refund of the Deposit, have been received by the Group and have been utilized to settle various onshore payment obligation, including construction payment to ensure delivery of properties to buyers.

In view of the above, the Board considers that the terms and conditions of the Suzhou Agreement have been made on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

The Group is a large-scale property developer in the PRC with a leading position in the Greater Bay Area and is principally engaged in property development, property investment and hotel operation.

Guangzhou Hejing

Guangzhou Hejing is a wholly-owned subsidiary of the Company established in the PRC with limited liability and principally engaged in property development.

The Hangzhou Vendor

The Hangzhou Vendor is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability and principally engaged in the investment holding of the Hangzhou Target Company.

LETTER FROM THE BOARD

The Hangzhou Purchaser

The Hangzhou Purchaser is a company established in the PRC with limited liability and principally engaged in industrial investment and investment management. It is a non-wholly owned subsidiary of Greentown China Holdings Limited, a company listed on the Stock Exchange (stock code: 03900).

The Hangzhou Target Company

The Hangzhou Target Company is a company established in the PRC with limited liability and owned as to 50% by the Hangzhou Vendor and 50% by the Hangzhou Purchaser as at the date of the Hangzhou Agreement. The Hangzhou Target Company is an investment holding company holding the entire equity interest in Hangzhou Greentown, which is principally engaged in the development of the Hangzhou Project.

The Hangzhou Project is located in Hangzhou, the PRC and is a residential project developed by Hangzhou Greentown with a total GFA of approximately 192,900 sq.m. Details of the Hangzhou Project as at the date of the Hangzhou Agreement are set out on p.42, Appendix III to this circular.

Hangzhou Greentown

Hangzhou Greentown is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Hangzhou Target Company as at the Latest Practicable Date. It is principally engaged in the development of the Hangzhou Project.

Greentown Real Estate (i.e. the Suzhou Purchaser)

Greentown Real Estate is a company established in the PRC with limited liability and a wholly-owned subsidiary of Greentown China Holdings Limited and principally engaged in property development.

Suzhou Vendor 1

Suzhou Vendor 1 is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability and principally engaged in the investment holding of Suzhou Target Company 1.

Suzhou Vendor 2

Suzhou Vendor 2 is an indirect wholly-owned subsidiary of the Company established in the PRC with limited liability and principally engaged in the investment holding of Suzhou Target Company 2.

LETTER FROM THE BOARD

Suzhou Target Company 1

Suzhou Target Company 1 is a company established in the PRC with limited liability principally engaged in the development of the Moonlit River Project. As at the date of the Suzhou Agreement, Suzhou Target Company 1 is owned as to 50% by Suzhou Vendor 1 and 50% by Suzhou Zesheng, which is a non-wholly owned subsidiary of the Suzhou Purchaser.

Moonlit River Project is located in Suzhou, China, and is a residential project developed by Suzhou Target Company 1 with a total GFA of approximately 137,000 sq.m. Details of the Moonlit River Project as at the date of the Suzhou Agreement are set out on p.42, Appendix III to this circular.

Suzhou Target Company 2

Suzhou Target Company 2 is a company established in the PRC with limited liability principally engaged in the development of the Lunar River Project. As at the date of the Suzhou Agreement, Suzhou Target Company 2 is owned as to 51% by Suzhou Vendor 2 and 49% by Shanghai Chisheng, which is a non-wholly owned subsidiary of the Suzhou Purchaser.

Lunar River Project is located in Suzhou, China, and is a residential project developed by Suzhou Target Company 2 with a total GFA of approximately 130,000 sq.m. Details of the Lunar River Project as at the date of the Suzhou Agreement are set out on p.42, Appendix III to this circular.

LISTING RULES IMPLICATIONS

Chapter 14 of the Listing Rules

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Hangzhou Disposal is more than 25% but all of which are less than 75%, the Hangzhou Disposal, on a standalone basis, constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Suzhou Disposal is more than 5% but all of which are less than 25%, the Suzhou Disposal, on a standalone basis, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. However, the Suzhou Disposal, together with the Hangzhou Disposal, constitute a series of transactions made by the Company within a 12-month period with the same parties and shall be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Suzhou Disposal and the Hangzhou Disposal, on an aggregated basis, is more than 25% but all of which are less than 75%, each of the Suzhou Disposal and the Hangzhou Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

Chapter 14A of the Listing Rules

Each of Suzhou Target Company 1 and Hangzhou Target Company is not a subsidiary of the Company and their financial statements are not consolidated into the Company's financial statements; while Suzhou Target Company 2 is a subsidiary of the Company and its financial statements are consolidated into the Company's financial statements. As at the date of the Suzhou Agreement, the Suzhou Purchaser holds 49% equity interest in Suzhou Target Company 2, a subsidiary of the Company, and save for which, the Suzhou Purchaser is not a substantial shareholder of any other subsidiaries of the Company. As the total assets, profits and revenue of Suzhou Target Company 2 compared to that of the Group are less than 5% under the percentage ratios for the year ended 31 December 2022, Suzhou Target Company 2 is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, the Suzhou Purchaser is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules. Accordingly, the Suzhou Disposal does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

WRITTEN SHAREHOLDERS APPROVAL

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposals. As such, no Shareholders would be required to abstain from voting at a general meeting of the Company approving each of the Disposals if the Company were to convene such a general meeting.

As at the Latest Practicable Date, Mr. KONG Jianmin, Mr. KONG Jiantao, Mr. KONG Jiannan, together with their associates, are entitled to exercise voting rights in respect of 1,995,892,839 Shares (representing approximately 58.38% of the issued share capital of the Company). Among which, (i) 1,299,046,500 Shares are held by Plus Earn Consultants Limited ("**Plus Earn**") and 295,703,152 Shares are held by Hero Fine Group Limited ("**Hero Fine**"), both being wholly-owned companies of Mr. KONG Jianmin; (ii) 144,338,500 Shares are held by Peace Kind Investments Limited ("**Peace Kind**"), a wholly-owned company of Mr. KONG Jiannan; and (iii) 254,715,000 Shares are held by Right Rich Consultants Limited ("**Right Rich**"), 1,109,587 Shares are held by Excel Wave Investments Limited ("**Excel Wave**") and 980,100 Shares are held by Wealth Express Investments Limited ("**Wealth Express**"), all being wholly-owned companies of Mr. KONG Jiantao. Plus Earn, Peace Kind and Right Rich entered into a shareholders' agreement on 30 December 2018 (the "**Shareholders' Agreement**") to regulate their dealings in the Shares and each of Plus Earn, Peace Kind and Right Rich is deemed to be interested in the Shares held by the other parties; and Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are all brothers of each other and executive Directors. Accordingly, the Company has obtained a written shareholder's approval certificate from Mr. KONG Jianmin, Mr. KONG Jiantao, Mr. KONG Jiannan (being a closely allied group of Shareholders who are parties acting in concert among themselves within the meaning of the Takeovers Code) to approve each of the Disposals pursuant to Rule 14.44 of the Listing Rules and no extraordinary general meeting will be convened and held by the Company to approve the Disposals.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the terms of each of the Agreements and the Disposals are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. If a general meeting were to be convened by the Company to consider and approve the Agreements and the Disposals, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Agreements and the Disposals.

NON-COMPLIANCE WITH LISTING RULES

The Company had previously applied for, and were granted, two waivers for delay in despatch of this circular. In the waiver decision letter dated 31 October 2023, the Stock Exchange had granted the waiver on the condition that the Company would despatch the circular on or before 8 December 2023 (the “**Extended Deadline**”). The letter stated that further extension would not be granted in the absence of any unforeseen event.

The Company had applied for a third waiver to further delay the despatch of the circular to 8 February 2024 (the “**3rd Waiver Application**”) as the Company required additional time for the preparation of property valuation report.

By the proposed extended deadline under the 3rd Waiver Application of 8 February 2024, the Company had not submitted the draft property valuation report for further review by the Stock Exchange or despatched the circular. On 9 February 2024, the Stock Exchange had rejected the application of the Company to further delay the despatch of this circular as the Company had neither satisfactorily demonstrated there was any unforeseen events warranting further extension nor taken adequate action to comply with the requirement. Accordingly, the Company is in non-compliance of Chapter 14.41(a) of the Listing Rules.

The delay in despatch of the Circular was partly due to the Company’s then understanding of the Chapter 5.07 of the Listing Rules that the valuation report shall reflect all the post-completion transactions including but not limited to the assignment of title and delivery of pre-sold property units during the period from the Completion Dates up to the date of the valuation report. As such, the Company had requested the counterparty of the Disposals to supply further transaction records regarding the change in the list of properties for the period from the Completion Dates to the valuation report date, and the progress on the despatch of this circular has been dependent on the submission of such records. The Company only realized the valuation report shall reflect the list of properties as at the time of the Disposals and any subsequent changes shall be irrelevant by January 2024 and since then the involvement of the counterparty was no longer required. Further, a prolonged delay in the payment of professional fees to professional parties involved had also resulted in delay in the despatch of this circular, which was only fixed in February 2025.

The Company’s company secretarial department, led by the company secretary of the Company (the “**Company Secretary**”), is responsible for Listing Rules compliance matter of the Company. The company secretarial department comprised of employees who are members of the Hong Kong Chartered Governance Institute and the Hong Kong Institute of the Certified Public Accountants. As aforementioned, there was a misinterpretation of Chapter 5.07 of the Listing Rules by the company secretarial department, for mistaken the

LETTER FROM THE BOARD

effective date as at which the Projects were valued should only include the relevant portion of the Projects that were still held by the Suzhou Target Companies and the Hangzhou Target Company as at such effective date, instead of making reference to the portion of the Projects held by the Suzhou Target Companies and the Hangzhou Target Company at the material time of the Agreements. As the Projects are being developed jointly by the Group, the Suzhou Purchaser and the Hangzhou Purchaser, the Agreements were agreed internally by the legal departments of the contracted parties and no external advisers were involved in the negotiations.

The company secretarial department has been internally reviewing compliance with the Listing Rules to ensure all requirements are fully met. For instance, the Company is reviewing its compliance with Chapter 14A of the Listing Rules to ensure a more timely disclosure on renewal of connected party transactions. Regular compliance reviews shall be conducted to assess alignment with regulatory requirements, with findings reported to the Audit Committee and the Board as appropriate.

The company secretarial department shall also participate in the annual Listing Rules compliance training organised by the legal adviser of the Company to keep themselves updates to the Listing Rules requirements and disclosure obligations. To the extent there are available financial resources, the Company shall explore the opportunity to engage independent consultants to evaluate compliance levels as advised by the Audit Committee. These procedures aim to proactively mitigate risks, ensure transparency, and uphold the company's governance standards.

The Company is also reviewing its outstanding payments to professional parties and will negotiate with the relevant parties on a mutually agreed payment plan to prevent further non-compliance of Listing Rules resulting from delayed payments. The treasury team shall also conduct monthly cash flow analyses to confirm availability of funds, adjusting allocations if necessary. The Company will also try to make more settlement options available, for instance by negotiating with professional parties to settle outstanding offshore bills onshore instead. The Company will make its best efforts to make partial payments to parties with long overdue payments, to prevent any professional parties' work being suspended.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

* *For identification purposes only.*

1. FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024

Details of the financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kwggroupholdings.com) and can be accessed at the website addresses below:

For the annual report of the Company for the year ended 31 December 2022, please see:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042804363.pdf>
(pages 82 to 196)

For the annual report of the Company for the year ended 31 December 2023, please see:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042502783.pdf>
(pages 72 to 184)

For the annual report of the Company for the year ended 31 December 2024, please see:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0423/2025042300793.pdf>
(pages 72 to 180)

2. INDEBTEDNESS STATEMENT**Borrowings**

As at 28 February 2025, being the latest practicable date for the purpose of determining this indebtedness statement, the Group's borrowings are as follows:

	<i>RMB'000</i>
Bank and other borrowings — secured with guarantee	39,537,023
Bank and other borrowings — secured without guarantee	741,394
Bank and other borrowings — unsecured with guarantee	669,682
Senior notes — secured with guarantee	28,251,000
Domestic corporate bonds — secured with guarantee	<u>3,485,705</u>
Total	<u><u>72,685,304</u></u>

Note: As at 28 February 2025, the Group's bank and other loans of approximately RMB40,278.42 million were secured by certain buildings, land use rights, investment properties, properties under development and completed properties held for sale of the Group and equity interests of certain subsidiaries of the Group and certain bank and other loans were guaranteed by the Company and certain subsidiaries of the Group. The senior notes of the Group were jointly and severally guaranteed by certain subsidiaries of the Group and secured by the pledges of their shares. Part of the Group's domestic corporate bonds were guaranteed by the Company.

Contingent liabilities

As at 28 February 2025, the contingent liabilities of the Group were as follows:

	<i>RMB'000</i>
Guarantees given to banks in connection with mortgage granted to certain purchasers of the Group's properties ^(Note)	9,420,983
Guarantees given to banks in connection with bank loans granted to joint ventures	<u>18,705,956</u>
Total	<u><u>28,126,939</u></u>

Note: 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. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals 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.

Save as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any material:

- (i) debt securities issued and outstanding, authorised or otherwise created but unissued;
- (ii) term loans;
- (iii) borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; or
- (iv) mortgages or charges or material contingent liabilities.

3. WORKING CAPITAL

For the year ended 31 December 2024, the Group incurred a net loss of approximately RMB8,150,975,000, and as of that date, the Group recorded a net current liabilities of approximately RMB37,649,464,000, and the Group's current portion of interest-bearing bank and other borrowings amounted to approximately RMB46,193,153,000, while its cash and bank balances amounted to approximately RMB787,445,000.

The Group did not repay the principal and interest of several USD denominated senior notes (the "**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. The Company had also suspended trading of all its Senior Notes listed on the Stock Exchange in May 2023. As at 31 December 2024, the aggregate principal amount and interest payables of the Senior Notes and bank and other borrowings in default or cross default are approximately RMB41,073,253,000 (the "**Defaulted Borrowings**").

The Directors prepared a working capital forecast for the 12 months from the date of this circular (the "**Forecast Period**") based on certain assumptions and events which are expected to take place. The Directors are of the opinion that, after due and careful enquiry, taking into account the Company's present available resources and the repayment on demand, the Group would not have sufficient working capital for the Forecast Period in the

absence of extension of borrowings, obtaining re-financing or conducting equity fund-raising. Major assumptions and events taken into account by the Directors in preparing the working capital forecast include:

- (i) Written agreements will be obtained from existing lenders of the Defaulted Borrowings, that they will not exercise their rights to demand immediate repayment of the relevant loans and corporate bonds prior to their scheduled contractual repayment dates;
- (ii) Lenders of other loans with maturity dates falling within the Forecast Period will extend their maturity dates and will not demand partial or full repayment of the loans; and
- (iii) Core business operation and asset base of the Group and the market conditions in which the Group operates and/or invests in will not differ materially from those of present.

The major factor leading to the insufficiency of working capital is that certain major borrowings of the Group, has or will fall due during the Forecast Period while the future operating cash inflow of the Group may be insufficient to match the repayment schedule of borrowings and relevant interest payment.

The Board has continuously devoted effort to resolve the liquidity issue mentioned above, including but not limited to realizing part of its property assets. The Disposals are part of this realization plan.

In view of these circumstances and to address the issue on working capital sufficiency, the Directors have taken and propose to take the following measures:

- Since the launch of the project whitelist mechanism, in which 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 been actively submitting application to respective local authorities for inclusion of its projects into the whitelist. As at the date of this circular, 35 projects of the Group has been included in the whitelist, with another 7 projects in the application process. An aggregate loan principal of approximately RMB10.1 billion has been extended for the project financing on these projects as of the date of this circular. The Group will continue to submit applications for other projects of the Group not yet included in the whitelist, to facilitate the Group to obtain project development financing and/or refinancing for its projects.
- 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. In this regard, the Group and its offshore advisors have been communicating and constructively engaging with an ad hoc group (“AHG”) of certain holders of the Senior Notes which, as at the date of this circular, is holding approximately 24% in aggregate

principal amount of the Senior Notes and its advisors, together with a group of bank lenders in respect of the Company's syndicated loan (the "**Syndicated Loan**") and their respective advisors, to facilitate the formulation of a consensual and holistic restructuring proposal in respect of certain of the Company's offshore indebtedness with an aggregate principal amount of approximately USD4.5 billion (the "**Target Existing Debts**"). Having considered the Company's debt servicing capability and the prevailing property market conditions, the Company's latest restructuring proposal (the "**Proposal**") entails various options to achieve a significant de-leveraging of the Target Existing Debts, the bid-ask gap on the de-leveraging ratio is subject to further negotiation between the AHG and the Company as at the date of this circular, while accommodating the needs and preferences of different creditors. The Proposal contemplates, among other things: (1) converting the Target Existing Debts into new USD denominated notes ("**New Notes**") (with varying conversion ratios, maturities, interest rates, security and seniority arrangements) and/or mandatory convertible bonds which convert into new ordinary shares of the Company; (2) a cash sweep mechanism involving using net proceeds of certain projects as a designated source of funding for the repayment of certain New Notes; (3) the New Notes will be guaranteed and secured by certain key offshore subsidiaries; and (4) offering a consent fee to the creditors who provide their support to the Proposal. As at the date of this circular, the Company is still in negotiations with the AHG on the Proposal and there are certain aspects of the Proposal that are still being discussed. The Company expects to continue the proactive and constructive engagement and maintain a positive momentum with the AHG with a view to narrowing the bid-ask gap on the various economic terms of the Proposal as soon as practicable. Meanwhile, the Company intends to engage in discussions with other creditors (including holders of other Target Existing Debts) in parallel to ensure support from the creditors and to obtain feedback from those creditors on the Company's restructuring proposal.

- 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.
- 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.
- The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

- 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.

Taking into account the assumption stated above, with the successful implementation of the measures mentioned above and in the absence of unforeseeable circumstances, the Directors are of the view that the Group would have had sufficient working capital for at least the Forecast Period.

The Company has obtained the relevant confirmation as required under Rule 14.66(12).

Shareholders should note that the validity of the statement of the working capital sufficiency of the Group as mentioned above depends on the outcome of the above-mentioned plans and measures undertaken/being undertaken by the Group, which are subject to uncertainties. Should the Group fail to achieve the above-mentioned plans and measures, the Group may not have sufficient working capital for its requirements within the Forecast Period.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Central Economic Work Conference has set the directive for “putting continued efforts to stabilize the real estate market and prevent further declines.” The National Housing and Urban-Rural Development Work Conference has clarified the task direction for 2025. It is expected that favorable real estate policies and their intensity will continue to be enhanced. In the next phase, policies are likely to continue focusing on “boosting demand” and “optimizing supply,” with accelerated implementation. Meanwhile, the construction of “high-quality housing” and the financing for projects under the “whitelist” are also expected to remain key focal points of policy efforts.

Based on the policy easing environment and implementation efforts, the Group will continue to focus on debt management, strengthen its social responsibilities, and ensure “guaranteeing delivery of properties” and “guaranteeing people’s livelihood”. Following the latest directives from the Central Economic Work Conference, the Group will further optimize its capital structure and advance debt reduction efforts. It is actively promoting comprehensive debt solutions both at home or abroad, offering multiple options for stakeholders to alleviate the Group’s liquidity issues and setting an example in fulfilling our social responsibilities. Looking ahead to the new year, the Group will continue to ensure effective sales and marketing efforts by prioritizing cash collection for sales, and put stepped-up efforts to boost en-bloc sales.

5. EFFECTS OF THE DISPOSALS ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

As at 30 June 2023, the unaudited consolidated total assets of the Group amounted to approximately RMB186,646 million and the unaudited consolidated total liabilities of the Group amounted to approximately RMB157,684 million.

As at 30 June 2023, the unaudited total assets and total liabilities of Hangzhou Zhiyan as extracted from its unaudited financial statements as at 30 June 2023, amounted to approximately RMB2,567 million and approximately RMB217 million, respectively; the unaudited total assets and total liabilities of Suzhou Jingyu, as extracted from its unaudited financial statements as at 30 June 2023, amounted to approximately RMB2,114 million and approximately RMB1,075 million, respectively; whereas the unaudited total assets and total liabilities of Suzhou Zhuoyu, as extracted from its unaudited financial statements as at 30 June 2023, amounted to approximately RMB1,161 million and approximately RMB428 million, respectively.

The Group recorded (i) a gain of approximately RMB1.6 million from the Hangzhou Disposal calculated as the difference between the Hangzhou Consideration and the net asset value of the Hangzhou Target Company as at 30 June 2023 attributable to the Hangzhou Sale Equity; and (ii) a gain of approximately RMB2 million from the Suzhou Disposal calculated as the difference between the Suzhou Consideration and the net asset values of the Suzhou Target Companies as at 30 June 2023 attributable to Suzhou Sale Equity 1 and Suzhou Sale Equity 2, respectively.

6. NO MATERIAL ADVERSE CHANGES

Save as disclosed in this circular, the Directors confirm that there are no material adverse changes in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or 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 or short positions which the Directors and chief executive are 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, were as follows:

Long positions in the Shares and the underlying Shares

Name of Director	Personal Interests (held as beneficial owner)	Family Interests (interests of spouse or child under 18)	Number of Shares held			Total	Approximate % of the issued share capital ⁽¹⁾
			Corporate Interests (interests of 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%	
TAM Chun Fai	30,000	—	—	—	30,000	0.00%	

Notes:

- (1) The approximate percentages were calculated based on 3,418,883,945 Shares in issue as at the Latest Practicable Date.
- (2) On 30 December 2018, Plus Earn, a company wholly-owned by Mr. KONG Jianmin and directly holds 1,299,046,500 Shares; Right Rich, a company wholly-owned by Mr. KONG Jiantao and directly holds 254,715,000 Shares; and Peace Kind, a company wholly-owned by Mr. KONG Jiannan and directly holds 144,338,500 Shares, entered into the Shareholders' Agreement to regulate their dealings in the Shares. 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 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 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 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, which is wholly-owned by Mr. KONG Jiantao; (iii) 980,100 Shares held by 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 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.

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.

Long positions in the shares of associated corporations

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were 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 they were taken or deemed to have under such provisions of the SFO), or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware of, persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to 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, were as follows:

Long positions in the Shares and underlying Shares

Name of Substantial Shareholder	Number of Shares held			Approximate % 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 Shares in issue as at the Latest Practicable Date.
- (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 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 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 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. 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 the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which would fall to be disclosed to the Company under 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.

3. DIRECTOR'S INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' INTERESTS IN ASSETS

Save for the (i) Property Lease and Management Agreements IV and V, 2020 Property Lease Agreements I and II, 2021 Property Lease Agreement II, 2022 Property Lease Agreement I, 2022 Property Lease Agreement II, 2023 Property Lease Agreements I, 2023 Property Lease Agreements II (all as defined in pages 56 to 57 of the 2023 annual report of the Company); 2024 Property Lease Agreements I, 2024 Property Lease Agreements II and 2024 Property Lease Agreement III (as defined in the announcement of the Company dated 2 July 2024); 2025 Property Lease Agreements I (as defined in the announcement of the Company dated 21 March 2025) entered into by the Group as lessor where Mr. KONG Jiantao, an executive Director, is the ultimate beneficial owner of the lessees (collectively, the "**Lease Agreements**") and the aggregate annual caps for the three years ending 31 December 2026 being RMB18,477,966, RMB14,686,985 and RMB9,675,681, respectively); and (ii) the property lease framework agreement dated 21 November 2022 (the annual caps for the three years ending 31 December 2025 being RMB24,400,842, RMB6,162,244 and

RMB2,407,563, respectively) entered into between the Company and KWG Living Group Holdings Limited (“**KWG Living**” and together with its subsidiaries, “**KWG Living Group**”), under which the Group will lease certain properties and car parking lots to KWG Living Group and in which each of Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan, all being executive Directors, is considered as having a material interest, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTOR’S INTERESTS IN CONTRACTS OR ARRANGEMENTS

Save for (i) the residential property management services framework agreement entered into by the Company and KWG Living on 21 November 2022 in which each of Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan, all being executive Directors, is considered as having a material interest; and (ii) the Lease Agreements in which Mr. KONG Jiantao, an executive Director, is considered as having a material interest, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and which are, or may be, material to the Group:

- (a) the equity transfer agreement dated 12 May 2023 entered into among Shanghai Hejing Real Estate Development Limited* (上海合景房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company) as vendor, Jiaxing Ping’an No.1 Equity Investment Partnership (limited partnership)* (嘉興平安安住壹號股權投資合夥企業(有限合夥)) and Ping An Chuangying Capital Management Co., Ltd* (平安創贏資本管理有限公司) as purchasers, and Shanghai Zhaojing as the target company, in respect of the disposal of 100% equity interest in Shanghai Zhaojing at a consideration of RMB324,065,140.12;

- (b) the equity transfer agreement dated 12 May 2023 entered into among Suzhou Hejing Real Estate Development Limited* (蘇州市合景房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company) and Shanghai Deyu Real Estate Development Limited* (上海德裕房地產開發有限公司) (an indirect non-wholly owned subsidiary of the Company) as vendors, the Purchasers as purchasers, and Shanghai Jinyi as the target company, in respect of the disposal of 100% equity interest in Shanghai Jinyi at a total consideration of RMB426,074,460.22;
- (c) the Hangzhou Agreement;
- (d) the Suzhou Agreement; and
- (e) the equity transfer agreement dated 9 January 2024 entered into among Hangzhou Lixuan Business Services Co., Ltd.* (杭州利烜商務服務有限公司) as the Vendor, Ningbo Meishan Midea Real Estate Development Co., Ltd.* (寧波市梅山美的房地產發展有限公司), Ningbo Meirui Real Estate Development Co., Ltd.* (“**Ningbo Meirui**”, 寧波市美睿房地產發展有限公司) as the target company, and Ningbo Meishan Bonded Port Area Yongfeng Real Estate Development Co., Ltd.* (寧波梅山保稅港區甬豐房地產開發有限公司) as the purchaser, in respect of the disposal of 50% equity interest in Ningbo Meirui at a consideration of RMB400,000,000.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. CHAN Kin Wai. Mr. CHAN is a professional member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is located at Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is situated at Room 1301, 13th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (d) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, whose address is situated at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice contained in this circular:

Name	Qualification
CHFT Advisory and Appraisal Ltd.	Independent professional valuer

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

11. DOCUMENTS ON DISPLAY

A copy of the following documents will be published on the Company's website (www.kwggroupholdings.com) and the HKEXnews website (www.hkexnews.hk) for a period of 14 days from the date of this circular:

- (a) the Hangzhou Agreement;
- (b) the Suzhou Agreement;
- (c) the valuation report in relation to the valuation of the Hangzhou Project, the Moonlit River Project and the Lunar River Project as at 31 January 2025 and 15 August 2023 prepared by an independent valuer; and
- (d) the written consent of CHFT Advisory and Appraisal Ltd. as referred to in the section headed "Expert and Consent" in this appendix.

12. LANGUAGE

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

* *For identification purposes only*

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from CHFT Advisory and Appraisal Ltd., an independent professional surveyor and valuer, in connection with its valuations as at 31 January 2025 and 15 August 2023 of the Hangzhou Project, the Moonlit River Project, and the Lunar River Project.



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Date of Report: 24 April 2025

The Board of Directors

KWG Group Holdings Limited
Room 1301, 13th Floor,
Harcourt House,
39 Gloucester Road,
Wanchai, Hong Kong



Dear Sirs/Madams,

Re: Valuations of one project in Hangzhou and two projects in Suzhou, the People's Republic of China

In accordance with an instruction for us to value various property interests as detailed in the attached valuation report for **KWG Group Holdings Limited** (the “**Company**”, together with the subsidiaries as the “**Group**”) in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinions of the capital values of such property interests as at **31 January 2025 and 15 August 2023** (the “**Dates of Valuation**”) for the purpose of **Public Circular** in relation to transactions by the Group only.

We are acting as external valuer and in the position to provide objective and unbiased valuations to the Group. We confirm that we have no material connection or involvement with the subject assets or the other parties to the valuation assignment. Unless otherwise stated, we have sufficient current local and national knowledge of the particular market, and the skills and understanding to undertake the valuations competently.

Valuation Basis

The valuations comply with The HKIS Valuation Standards 2024 published by The Hong Kong Institute of Surveyors (“**HKIS**”), RICS Valuation — Global Standards, December 2024 published by the Royal Institution of Chartered Surveyors (“**RICS**”), and

the International Valuation Standards (“IVS”) published by the International Valuation Standards Council as well as the requirements set out in Chapter 5 and Practice Note 12 of Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

Our valuations have been carried out on a market value basis, which is defined by IVS as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*”

Valuation Assumptions

Our valuations have been made on the assumption that the owners sell the properties on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

No allowance has been made in our valuations neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions, and outgoings of onerous nature which could affect their values.

For the purpose of valuations, we have adopted the gross floor areas as appeared in the title documents as provided, and no further verification work has been conducted. Whilst the common local practices in the PRC are based on the gross floor area, no re-measurement of the floor area by International Property Measurement Standards as advocated by RICS has been made.

Valuation Methodology

The valuations have been conducted by Direct Comparison Method. Direct Comparison Method consists of comparisons based on actual sales transactions and/or asking prices of comparable properties. Comparable properties with similar location, size, and character are selected and then analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

Source of Information

In the course of valuations, we have relied on legal opinions provided by the Group’s PRC legal adviser, namely Jingtian & Gongcheng Law Firm, and we have been provided with copies of certain title documents and approvals relating to the property interests. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies provided to us. All documents have been used for reference only.

We have relied to a considerable extent on information given by the Group, in particular, but not limited to planning approvals, statutory notices, easements, numbers and floor areas of the subject units, occupancy, etc. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries.

Recent inspections of the properties were carried out in February 2025 and April 2025 by Mr. Ben Deng (BMgt in Land Resources Management), Mr. Isaac He (BMgt in Land Resources Management). We have inspected the exterior, and certain common parts of the properties. We have not inspected those parts of the properties which are covered, unexposed or inaccessible and such parts have been assumed to be in reasonable conditions. We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspections, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions, the services, etc. for any future development. We have not carried out any investigation into past or present uses, either of the properties or of any neighbouring lands, to establish whether there is any contamination or potential for contamination to the properties from these uses or sites, and have therefore assumed that none exists.

Limitation of Liabilities

We have had no reason to doubt the truthfulness and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information provided. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

The responsible valuer is in a position to provide objective and unbiased valuations and is competent to undertake the valuation assignment. Our findings or conclusion of values of the properties in this report are valid only for the stated purpose and at the Date of Valuation. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Group contractual undertakings in respect of their services and shall be deemed to have paid to the Group such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding Five Hundred Thousand Hong Kong Dollars. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Group is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

The valuations have been prepared by Mr. Alex PW Leung, Mr. Kyle Zeng and Mr. Isaac He. Mr. Leung is a member of HKIS and a member of RICS and he has over twenty years' post-qualified experience in valuing properties in the PRC. Other responsible staffs have between one and seven years' experience in undertaking valuations in the PRC and they have performed the subject valuations under the direct supervision of Mr. Leung.

Unless otherwise stated, all monetary amounts stated herein are denoted in Renminbi ("RMB"), the lawful currency of the PRC; and the floor and site areas are quoted in square meters ("sq.m.").

We enclose herewith a summary of values and the valuation report.

Yours faithfully,
For and on behalf of
CHFT Advisory and Appraisal Ltd.

Alex PW Leung MRICS MHKIS
Senior Director

Encl.

Note: Mr. Alex PW Leung is a member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors. Mr. Leung has over 20 years' experience in valuing properties in the PRC.

SUMMARY OF VALUES AS AT 31 JANUARY 2025

No.	Property Address	Market Value as at 31 January 2025	Equity Interest Attributed to the Group	Value Attributed to the Group
Property interests held for Sale				
1.	18 residential units, 5 retail units and 275 car parking spaces of Hangzhou Oriental Dawn (杭州春來曉園), 67 Caiyang Road, Jianggan District, Hangzhou City, Zhejiang Province, the PRC	RMB179,000,000	50%	RMB89,500,000
2.	529 residential units and 802 car parking spaces of Moonlit River (朗月濱河雅苑), East of Baofeng Street, South of Yuejin River, Wuzhong District, Suzhou City, Jiangsu Province, the PRC	RMB1,520,000,000	50%	RMB760,000,000
3.	61 residential units and 476 car parking spaces of Lunar River (明月濱河), West of Yingchun South Road, South of Chenghu East Road, Wuzhong District, Suzhou City, Jiangsu Province, the PRC	RMB229,000,000	51%	RMB116,790,000
TOTAL				<u>RMB966,290,000</u>

SUMMARY OF VALUES AS AT 15 AUGUST 2023

No.	Property Address	Market Value as at 15 August 2023	Equity Interest Attributed to the Group	Value Attributed to the Group
Property interests held for Sale				
1.	18 residential units, 5 retail units and 275 car parking spaces of Hangzhou Oriental Dawn (杭州春來曉園), 67 Caiyang Road, Jianggan District, Hangzhou City, Zhejiang Province, the PRC	RMB179,000,000	50%	RMB89,500,000
2.	529 residential units and 802 car parking spaces of Moonlit River (朗月濱河雅苑), East of Baofeng Street, South of Yuejin River, Wuzhong District, Suzhou City, Jiangsu Province, the PRC	RMB1,557,000,000	50%	RMB778,500,000
3.	61 residential units and 476 car parking spaces of Lunar River (明月濱河), West of Yingchun South Road, South of Chenghu East Road, Wuzhong District, Suzhou City, Jiangsu Province, the PRC	RMB222,000,000	51%	RMB113,220,000
TOTAL				<u>RMB981,220,000</u>

Note: Property Nos. 1, 2 and 3 are known as the Hangzhou Project, the Moonlit River Project and the Lunar River Project respectively under the relevant circular of the Group.

PROPERTIES HELD FOR SALE

VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Details	Market Values								
1.	18 residential units, 5 retail units and 275 car parking spaces of Hangzhou Oriental Dawn (杭州春來曉園), 67 Caiyang Road, Jianggan District, Hangzhou City, Zhejiang Province, the PRC	<p>Oriental Dawn is a large-scale residential development completed in April 2021. The whole development is erected on a parcel of land with a site area of about 64,470 sq.m..</p> <p>The development is located in Jianggan District. The vicinity is dominated by residential estates. A regional academy, namely the Zhejiang Academy of Agricultural Sciences is located to the west of the development. Goujunong Station of Line 6, Hangzhou Metro is around 700 metres from the development. The area is also served by public bus routes.</p> <p>The development comprises 21 residential blocks of 7 to 16 storeys in height with retail podiums, two public rental housing towers, basement car parking spaces, and other ancillary facilities.</p> <p>As advised by the Group, the subject property comprises 18 unsold apartment units, 5 retail units and 275 car parking spaces. The total gross floor area of the subject property is about 6,871.73 sq.m. with a breakdown as below:</p> <table border="1" data-bbox="502 1276 925 1510"> <thead> <tr> <th>Usage</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td>2,584.23</td> </tr> <tr> <td>Retail</td> <td>231.63</td> </tr> <tr> <td>Car parking</td> <td>4,287.50</td> </tr> </tbody> </table> <p>The site is held under granted land-use rights to be expired on 15 September 2089 for residential use, and on 15 September 2059 for public ancillary use. The annual land-use fee payable to the government for the development is currently RMB120 per sq.m. on the site area.</p>	Usage	Gross Floor Area (sq.m.)	Apartment	2,584.23	Retail	231.63	Car parking	4,287.50	<p>As advised by the Group, all the subject apartment and retail units, as well as most of the subject car parking spaces were subject to various sale contracts (see note d).</p>	<p>As at 31 January 2025 RMB179,000,000 (RENMINBI ONE HUNDRED SEVENTY-NINE MILLION) 50% interest to the Group RMB89,500,000</p> <p>As at 15 August 2023 RMB179,000,000 (RENMINBI ONE HUNDRED SEVENTY-NINE MILLION) 50% interest to the Group RMB89,500,000</p>
Usage	Gross Floor Area (sq.m.)											
Apartment	2,584.23											
Retail	231.63											
Car parking	4,287.50											

Notes:

- a) Pursuant to State-owned Land-use Rights Grant (Document No.3301002019A21019) dated 30 April 2019, the land-use rights of the development with a site area of 64,470 sq.m. have been granted to “Hangzhou Zhiyan Investment Co., Ltd.” (杭州致延投资有限公司).
- b) Pursuant to Certificate of Real Estate Ownership (Document No.: Zhe (2019) Hang Zhou Shi Bu Dong Chan Quan No. 0214876, a land-use rights of the land with a site area of 64,470 sq.m. have been granted to Hangzhou Greentown Zhiyan Urban Development Co., Ltd. for residential and public ancillary uses.
- c) Pursuant to two Certificate of Completion Acceptance (Document Nos. 31000120220422101 and 31000120220422102) dated 8 April 2022, the development with a total construction scale of 192,940 sq.m. has been completed and accepted.
- d) As advised by the Group, as at 31 January 2025 and 15 August 2023, all the subject apartment and retail units as well as 257 of the subject car parking spaces were subject to various sale contracts at a total consideration of RMB175,774,670. We have taken the amount of total consideration in our valuation.
- e) We have been provided with legal opinions on the property interests by the Group’s PRC legal adviser, namely Jingtian & Gongcheng Law Firm which contains, *inter alia*, the following:
 - (i) Apart from the sold portion and the public ancillary facilities, Hangzhou Greentown Zhiyan Urban Development Co., Ltd. has legally obtained the ownership of the development;
 - (ii) The property is free from mortgage and encumbrances; and
 - (iii) Apart from the sold portion and the public ancillary facilities, Hangzhou Greentown Zhiyan Urban Development Co., Ltd. has the legal right to use, occupy, transfer, lease, mortgage, and dispose of the property.
- f) With the consideration of the above legal opinion, our valuation is based on an assumption that the land use rights of the property is with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.
- g) In arriving at our valuation the unsold car parking spaces, we have referenced recent asking sale prices within the locality. Due adjustments to the unit rates have been made to reflect factors including but not limited to nature, time, location, floor level and size. We have adopted RMB200,000 and RMB204,000 each for Dates of Valuation as at 31 January 2025 and 15 August 2023 respectively.

VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Details	Market Values						
2.	529 residential units and 802 car parking spaces of Moonlit River (朗月濱河雅苑), East of Baofeng Street, South of Yuejin River, Wuzhong District, Suzhou City, Jiangsu Province, the PRC	<p>Suzhou Moonlit River is a large-scale residential development completed in January 2023. The whole development is erected on a parcel of land with a site area of about 42,138.80 sq.m..</p> <p>The development is located in Wuzhong District, a suburban district of Suzhou. The vicinity is dominated by residential developments and industrial parks. A regional shopping mall, namely Wufeng Living Plaza is located to the west of the development. The area is also served by public bus routes. Jinjiaqiao South Station of Line 7, Suzhou Rail Transit which will commence operation in June 2024 is around 700 metres from the development.</p> <p>The development comprises of 11 residential towers of 18 to 26 storeys in height, basement car parking spaces and other ancillary facilities.</p> <p>As advised by the Group, the subject property comprises 529 unsold apartment units, and 802 car parking spaces. The total gross floor area of the subject property is about 77,072.86 sq.m. with a breakdown as below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Usage</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td>65,042.86</td> </tr> <tr> <td>Car parking</td> <td>12,030.00</td> </tr> </tbody> </table> <p>The site is held under granted land-use rights to be expired on 9 October 2090 for residential/property management uses, and on 9 October 2060 for commercial/community service uses. The annual land-use fee payable to the government for the development is currently RMB5.00 per sq.m. on site area.</p>	Usage	Gross Floor Area (sq.m.)	Apartment	65,042.86	Car parking	12,030.00	<p>As advised by the Group, the unsold apartment units and car parking spaces were vacant.</p>	<p>As at 31 January 2025 RMB1,520,000,000 (RENMINBI ONE BILLION FIVE HUNDRED TWENTY MILLION) 50% interest to the Group RMB760,000,000</p> <p>As at 15 August 2023 RMB1,557,000,000 (RENMINBI ONE BILLION FIVE HUNDRED FIFTY SEVEN MILLION) 50% interest to the Group RMB778,500,000</p>
Usage	Gross Floor Area (sq.m.)									
Apartment	65,042.86									
Car parking	12,030.00									

Notes:

- a) Pursuant to State-owned Land-use Rights Grant (Document No.3205012020CR0136) dated 14 August 2020, and Supplementary Land-use Rights Grant Agreement dated 21 August 2020, the land-use rights of the development with a site area of 42,138.80 sq.m. have been granted to “Suzhou Jingyu Real Estate Development Co., Ltd.” (蘇州市景譽房地產開發有限公司).
- b) Pursuant to Certificate of Real Estate Ownership (Document No. Su (2020) Su Zhou Shi Bu Dong Chan Quan No. 6038439) dated 14 October 2020, the land-use rights of the land with a site area of 42,138.80 sq.m. have been granted to Suzhou Jingyu Real Estate Development Co., Ltd. for residential, property management, commercial and community service uses.
- c) As advised by the Group, as at 31 January 2025, 213 of the subject apartment units with a total gross floor area of 24,074.81 sq.m. were subject to various sale contracts at a total consideration of RMB616,529,470. We have taken the amount of total consideration in our valuation.
- d) As advised by the Group, as at 15 August 2023, 74 of the subject apartment units with a total gross floor area of 8,660.30 sq.m. were subject to various sale contracts at a total consideration of RMB224,658,754. We have taken the amount of total consideration in our valuation.
- e) We have been provided with legal opinions on the property interests by the Group’s PRC legal adviser, namely Jingtian & Gongcheng Law Firm which contains, *inter alia*, the following:
- (i) Apart from the sold portion and the public ancillary facilities, Shouzhou Jingyu Real Estate Development Co., Ltd. has legally obtained the ownership of the development;
 - (ii) The property is free from mortgage and encumbrances; and
 - (iii) Apart from the sold portion and the public ancillary facilities, Shouzhou Jingyu Real Estate Development Co., Ltd. has the legal rights to use, occupy, transfer, lease, mortgage, and dispose of the property.
- f) With the consideration of the above legal opinion, our valuation is based on an assumption that the land use rights of the property is with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.
- g) In arriving at our valuation of the unsold units as at 31 January 2025, we have made reference to transaction prices of other apartments near the subject development between January 2025 and February 2025. The prices of transacted apartments ranged from approximately RMB24,000 to RMB24,500 per sq.m. on gross floor area. Due adjustments to the unit rates have been made to reflect factors including but not limited to nature, time, location, age, conditions, floor level, view, and size. We have adopted an average unit rate of RMB24,300 per sq.m. for the subject apartments and RMB89,000 each for the car parking spaces.
- h) In arriving at our valuation of the unsold units as at 15 August 2023, we have made reference to transaction prices of apartments in the subject development between July 2023 and December 2023. The prices of transacted apartments ranged from approximately RMB23,500 to RMB27,000 per sq.m. on gross floor area. Due adjustments to the unit rates have been made to reflect factors including but not limited to nature, time, location, floor level, view, and size. We have adopted an average unit rate of RMB25,900 per sq.m. for the subject apartments and RMB93,000 each for the car parking spaces.

VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Details	Market Values						
3.	61 residential units and 476 car parking spaces of Lunar River (明月滨河), West of Yingchun South Road, South of Chenghu East Road, Wuzhong District, Suzhou City, Jiangsu Province, the PRC	<p>Suzhou Lunar River is a large-scale residential development completed in January 2023. The whole development is erected on a parcel of land with a site area of about 37,856.80 sq.m..</p> <p>The development is located in Wuzhong District, a suburban district of Suzhou. The vicinity is dominated by residential developments and industrial parks. A regional shopping mall, namely Wufeng Living Plaza is located to the west of the development. The area is also served by public bus routes. Jinjiaqiao South Station of Line 7, Suzhou Rail Transit which will commence operation in June 2024 is within easy reach from the development.</p> <p>The development comprises of 10 residential towers of 17 to 26 storey in height with retail podiums, basement car parking spaces and other ancillary facilities.</p> <p>As advised by the Group, the subject property comprises 61 unsold apartment units, and 476 carparking space. The total gross floor area of the subject property is about 17,996.22 sq.m. with a breakdown as below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td style="text-align: right;">10,856.22</td> </tr> <tr> <td>Car parking</td> <td style="text-align: right;">7,140.00</td> </tr> </tbody> </table> <p>The site is held under granted land-use rights to be expired on 8 July 2090 for residential/property management uses, and on 8 July 2060 for commercial/community service uses. The annual land-use fee payable to the government for the development is currently RMB5.00 per sq.m. on site area.</p>	Usage	Gross Floor Area (sq.m.)	Apartment	10,856.22	Car parking	7,140.00	<p>As advised by the Group, the unsold apartment units and car parking spaces were vacant.</p>	<p>As at 31 January 2025 RMB229,000,000 (RENMINBI TWO HUNDRED TWENTY-NINE MILLION) 51% interest to the Group RMB116,790,000</p> <p>As at 15 August 2023 RMB222,000,000 (RENMINBI TWO HUNDRED TWENTY-TWO MILLION) 51% interest to the Group RMB113,220,000</p>
Usage	Gross Floor Area (sq.m.)									
Apartment	10,856.22									
Car parking	7,140.00									

Notes:

- a) Pursuant to State-owned Land-use Rights Grant (Document No.3205012020CR0064) dated 22 April 2020, and Supplementary Land-use Rights Grant Agreement dated 30 April 2022, the land-use rights of a land with a site area of 37,856.80 sq.m. have been granted to “Suzhou Zhuoyu Real Estate Development Co., Ltd.” (蘇州市卓譽房地產開發有限公司).
- b) Pursuant to Certificate of Real Estate Ownership (Document No.: Su (2020) Su Zhou Shi Bu Dong Chan Quan No. 6021088 dated 12 June 2020, the land-use rights of the land with a site area of 37,856.80 sq.m. have been granted to Suzhou Zhuoyu Real Estate Development Co., Ltd. for residential, property management, commercial and community service uses.
- c) As advised by the Group, as at 31 January 2025, 17 of the subject apartment units with a total gross floor area of 2,027.93 sq.m. and 47 car parking spaces with a total gross floor area of 705.00 sq.m. were subject to various sale contracts at a total consideration of RMB56,262,463. We have taken the amount of total consideration in our valuation.
- d) As advised by the Group, as at 15 August 2023, 4 of the subject apartment units with a total gross floor area of 542.19 sq.m. and 47 car parking spaces with a total gross floor area of 705.00 sq.m. were subject to various sale contracts at a total consideration of RMB15,865,163. We have taken the amount of total consideration in our valuation.
- e) We have been provided with legal opinions on the property interests by the Group’s PRC legal adviser, namely Jingtian & Gongcheng Law Firm which contains, *inter alia*, the following:
- (i) Apart from the sold portion and the public ancillary facilities, Shouzhou Zhuoyu Real Estate Development Co., Ltd. has legally obtained the ownership of the development;
 - (ii) The property is free from mortgage and encumbrances; and
 - (iii) Apart from the sold portion and the public ancillary facilities, Shouzhou Zhuoyu Real Estate Development Co., Ltd has the legal rights to use, occupy, transfer, lease, mortgage, and dispose of the property.
- f) With the consideration of the above legal opinion, our valuation is based on an assumption that the land use rights of the property is with proper titles, and the owner/prospective buyer entitles to occupy, use, mortgage, lease, and transfer the property during the remaining land use rights term without any additional land premium, grant fee or other onerous payment to the relevant authorities.
- g) In arriving at our valuation of the unsold units as at 31 January 2025, we have made reference to transaction prices of other apartments near the subject development between December 2024 and February 2025. The prices of transacted apartments ranged from approximately RMB25,000 to RMB25,500 per sq.m. on gross floor area. Due adjustments to the unit rates have been made to reflect factors including but not limited to nature, time, location, age, conditions, floor level, view, and size. We have adopted an average unit rate of RMB25,900 per sq.m. for the subject apartments and RMB89,000 each for the car parking spaces.
- h) In arriving at our valuation of the unsold units as at 15 August 2023, we have made reference to transaction prices of apartments in the subject development between March 2023 and July 2023. The prices of transacted apartments ranged from approximately RMB24,000 to RMB26,000 per sq.m. on gross floor area. Due adjustments to the unit rates have been made to reflect factors including but not limited to nature, time, location, floor level, view, and size. We have adopted an average unit rate of RMB25,200 per sq.m. for the subject apartments and RMB94,700 each for the car parking spaces.