

Build Home  
With Heart  
Create Future  
With Aspiration

# 2021 INTERIM REPORT



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# CORPORATE INFORMATION

## Directors

### Executive Directors

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

### Independent Non-executive Directors

LEE Ka Sze, Carmelo *JP*  
TAM Chun Fai  
LI Binhai

## Company Secretary

CHAN Kin Wai

## Authorised Representatives

KONG Jianmin  
CHAN Kin Wai

## Audit Committee

TAM Chun Fai (*Chairman*)  
LEE Ka Sze, Carmelo *JP*  
LI Binhai

## Remuneration Committee

TAM Chun Fai (*Chairman*)  
KONG Jianmin  
LI Binhai

## Nomination Committee

KONG Jianmin (*Chairman*)  
TAM Chun Fai  
LI Binhai

## Registered Office

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

## Principal Place of Business in Hong Kong

Units 8503-05A, Level 85  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

## Principal Share Registrar and Transfer Agent

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

## Hong Kong Branch Share Registrar

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

## Principal Bankers

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

## Auditors

Ernst & Young

## Legal Advisors

as to Hong Kong law:  
Sidley Austin

as to Cayman Islands law:  
Conyers Dill & Pearman

## Website

[www.kwggroupholdings.com](http://www.kwggroupholdings.com)

## Stock Code

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

## CORPORATE PROFILE

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

Over the past 26 years, the Group has built up a comprehensive property development system well supported by a balanced portfolio offering different types of products, including mid- to high-end residential properties, serviced apartments, villas, offices, hotels and shopping malls. While deepening property development and commercial operation, the Group has also made strategic expansions into a wide range of segments including education and healthcare to gain synergic development with property business.

In the future, the Group will focus on the development of residential properties and commercial properties while seeking to deploy more resources for the establishment of a diversified property development in order to keep the profit portfolio steady, spread the investment risks and ensure stable development.

## CHAIRMAN'S STATEMENT

I am pleased to present the interim results of the Group for the six months ended 30 June 2021. The Group recorded proportionate revenue of approximately RMB22,222.1 million, representing an increase of 10.8% as compared to the same period of 2020. Core profit amounted to RMB3,324.9 million, representing an increase of 4.6% as compared with the core profit from the continuing operations in the same period of 2020.

The board of directors of the Company (the "Board" or the "Directors") has resolved to declare an interim dividend of RMB37 cents per share for the six months ended 30 June 2021.

During the first half of 2021, the central government's principal tone of "housing properties are for accommodation, not for speculation" remained unchanged, as the long-term regulatory goal of "keeping the prices of land and housing as well as market expectations stable" was stipulated in the new Report On The Work Of The Government to promote the stable and healthy development of the property market.

With an increasing number of policies on the investment and finance sectors being launched and the improving mechanism for long-term efficiency in the real estate market, a new landscape has dawned for the property industry. KWG has been doing a lot of soul-searching on how to achieve balanced and stable development in scale and efficiency by transforming its mode of operation in tandem with the trend and seizing opportunities to enhance its comprehensive strengths, such that it could deliver long-term value to the community, shareholders and customers along the way as it pursues sustainable development.

### 1. Building Homes with Heart while Fortifying Principal Businesses with Innovative Marketing

Since its incorporation 26 years ago, KWG has always been committed to the mission of "Building Homes with Heart, Creating Future with Aspiration". In the main battle ground of corporate operation, the Group is constantly seeking innovation through reform and change. As the property sector enters the inventory-centric era, the market has called for higher standards in the design and quality of residential properties. In this connection, KWG has always been persistent in the quest for product design and quality and has pioneered in the construction of properties that offer premium quality and high added value to customers and fulfill the dream for pleasant living. During the first half of the year, high-end projects such as Chengdu The Jadeite, Chongqing The Riviera, Guangzhou The Beryl and Hangzhou Precious Mansion were successively launched with positive market response. The second half of the year will see the debut of Guangzhou The Landmark Arte, Richmond Greenville and Lakeside Mansion in the premium "ZHEN" series of projects, showcasing KWG outstanding ability in forging luxury properties and its quest for quality homes and lifestyles.

The ever-changing market environment has brought about new challenges to property enterprises in terms of marketing models, strategies and training of marketing personnel. The Group has introduced breakthroughs and innovation in marketing from the actual conditions, as evidenced by the "CoKWG Good Houses" (一合好房) online marketing platform, a new channel giving customers online access to the news of all property resources of the Group. At the same time, the Group has commenced a series of "competence-building programs" to strengthen its ability in digitalized marketing management and organized the "Jiangwutang" (講武堂) sessions to enhance marketing concepts and the business mentality. During the first half of the year, the Group successfully hosted marketing activities such as the "2021 KWG Happy Home Purchase Season" (2021合景泰富幸福置業季) and "March Goddess Home Purchase Season" (3月女神購房季). Moreover, the Group actively rolled out marketing live cast and short-video enabling training camps to identify potential Internet broadcast hosts among its internal staff, training up a group of online marketing talents to enhance its ability to market properties via videos. Meanwhile, customer redirection via live cast platforms and vertical media such as Tik Tok was increased and innovative marketing campaigns such as the "June 18th KWG House Purchase Festival" (618合意購房節) were successfully held to achieve new breakthroughs with Internet marketing with the aid of the innovative and convenient online marketing model.

The Group reported sales of RMB56.2 billion for the first half of 2021, representing year-on-year growth of 53%. We believe that, based on the Group's premium and ample sellable resources in the core tier-one and tier-two cities in Greater-Bay-Area, Yangtze-River-Delta Area, Pan Bohai Rim Region and Western and Central regions, the Group is fully confident that it will fulfill the sales target for the current year and achieve sustained and stable sales growth in the future.

## 2. Steady Development with Broadened Vision and Diversification in Land Acquisition channels

In recent years, as the property sector has entered into the inventory-centric era of property enterprises, the land tender, auction and listing market in core tier-one and tier-two cities sustained fervent sentiment. With the current new industry policy of "three red lines" and "two centralized land supplies", KWG has shifted its focus to the diversification of land acquisition channel, in pursuit of stable growth both in scale and profit.

In persistent implementation of the prudent and pragmatic land reserve strategy, the Group has been engaged in intensive development in Greater-Bay-Area and Yangtze-River-Delta Area, with a special focus on core tier-one and tier-two cities. The "14th Five-Year Plan" has clearly provided for the implementation of urban redevelopment initiatives. Given KWG's in-depth engagement in urban redevelopment in Greater-Bay-Area, the announcement of related policies in Greater-Bay-Area has provided a powerful engine driving regional urban redevelopment. In 2021, the Group has made orderly progress in urban redevelopment, as it successively won the bidding of two old villages, Shixia Village in Zengcheng District in Guangzhou and Shuangsha Village in Huangpu District in Guangzhou. It is expected that some projects will start to provide considerable sellable resources in 2021. Looking to the further future, the Group's full-gear engagement in urban redevelopment in Greater-Bay-Area will provide it with premium land reserves in the core cities of Greater-Bay-Area and make ample sellable resources on a continuous basis, while the cost advantage of urban redevelopment will contribute to the Group's stable growth in scale and profit.

In recent years, the Group has also added industry injection to its diversified land acquisition channels. KWG claims extensive capabilities in the operation of integrated complex projects. New projects in Jiaying and Yancheng acquired by the Group last year at lower cost via industry injection were swiftly converted to sellable resources for supply during the current year. In the future, the projects will be developed into grand complexes with wide business varieties with KWG's capabilities in commercial operations. The Group also continuously progressed in merger and acquisition and joint development. In the future, the diversification of land acquisition channels will contribute to the Group's stable and qualitative development.

## 3. Digital Transformation Empowered by Technology on a Diversified Race Track

As property companies enter the inventory-centric era, it is imperative for real estate enterprises to expand and innovate the "race track". In tandem with this development trend, the Group has persisted in intensive diversification with a dual emphasis on both asset-light and asset-heavy models in coordinated operations, such that the pathway for business operation can be broadened and qualitative stable development can be sought. Currently, the Group has 41 investment properties in operation in core tier-one and tier-two cities, comprising 10 shopping malls, 9 office buildings and 22 hotels. In the next few years, 25 new shopping malls and 11 new office buildings will commence operation successively. Self-owned brand hotels will be operated through a combination of the asset-heavy and asset-light models aiming scalable development. The Group will continue the build-up of its commercial business for ongoing generation of long-term stable income and cash flow to support its sustainable and stable development.

In the future, KWG will pursue cross-sector cooperation, outlining the KWG business ecosystem while enhancing comprehensive competitive strengths to attain co-creation, sharing and mutual success.



Along with the transformation and upgrade of the industry, KWG Group has adopted the advancement of digital transformation as a long-term strategy in corporate development, in addition to ongoing business diversification, in order to deepen the reform of its operating model with renewed thinking and proactive innovation. Currently, the Group has completed construction of the SAP shared financial operation and management system, while convenient online channels such as “CoKWG Good Houses” (一合好房) online marketing platform and KWG Smart Customer Service Platform have also been successfully come into use. At a time when we seek profitability through management, the Group will continue to apply and develop digitalized management platforms, as well as further enhance its operational capability and delicacy management for cost reduction and efficiency enhancement. In the future, the Group will leverage its robust “digital backbone” to empower its business development and support its qualitative stable growth in the future.

#### 4. Financial Prudence with Continuous Improvement of Indicators and Diversified Financing Channels

The Company has continued to maintain financial prudence whilst pursuing growth in scale. During the reporting period, the Group optimised its debt structure, and finance cost decreased slightly. The “Three Red Line” indicators continued to optimise. The Company continued to maintain a relatively high profit margin and overall financial prudence compared to its peers.

The Group improved its capital structure on an ongoing basis through enhancement in financial management and operational management, resulting in the optimisation of the “Three Red Line” indicators. Compared to the end of 2020, debt-to-asset ratio excluding receipts in advance decreased by 3.3 percentage points to 71.8%. Unrestricted cash over short-term debt ratio rose from 1.6 to 1.8, while net gearing ratio decreased by 7.6 percentages points to 54.1%.

Additionally, the Group was supported by effective domestic and overseas financing channels, and had sufficient cash on hand for repayments of debts due. In May, KWG officially announced its “Green Finance Framework” and took the Group’s first step in green finance with the successful issuance of its first green bonds with an amount of USD378 million, winning wide recognition in the capital market.



## 5. Green Operations with a People-centric Approach in Pursuit of Sustainability

In tandem with the ongoing internationalization of China's capital market, the ESG standards of domestic listed companies have been improving, while investors, regulatory authorities and consumers are also increasingly concerned with the ESG regime of corporations. The Group is deeply aware that the continuous implementation of environmental, social and governance measures is a perpetual theme in sustainability.

In persistent adherence to a talent training philosophy underpinned by “endogenous development”, the Group has created an open and fair internal development platform for high-caliber talents. In an era of management bonus for the real estate business, the Group is glad to groom talents through a people-centric approach, with a special emphasis on sustainable talent development and cultivation.

China has stated the goal of “striving to achieve carbon peaking by 2030 and carbon neutrality by 2060”. In active implementation of the green philosophy, KWG Group has been resolutely following the path of sustainable development and vigorously exploring a feasible pathway for “carbon neutrality” in line with its own conditions, while increasing its effort in detailed adjustments in energy conservation and eco-friendliness. The Group is committed to increasing its green building ratio in the next three years and attaining the goals of energy conservation and consumption reduction in building construction, so as to make consistent contributions to energy conservation and emission reduction. The construction of the Group's green financial framework during the year has further showcased the Company's determination to implement ESG and pursue sustainability.

In the future, KWG will continue to be a heart-warming enterprise that regards charity and community welfare as its indisputable duty. We will support the development of charitable causes in China with solid actions to share our warmth and positive energy with the community as we continue to pursue sustainability and qualitative stable growth.

### Outlook for the Second Half of the Year

Under the central government's principal tone of “housing properties are for accommodation, not for speculation” and the prevailing trend of “stabilizing land price, home price and expectation” and given the tight policy orientation and more diverse market demands, KWG Group will continue to conduct focused operations according to the trend and seek coordination and mutual success on diversified race tracks in accordance with its core philosophy of “Building Homes with Heart, Creating Future with Aspiration”. In the second half of the year, the Group will resolutely advance its digital transformation, enhance its comprehensive capabilities on all fronts as well as improve its governance standards in order to continuously pursue sustainable development and seek steady growth and progress.

## Appreciation

On behalf of the Group and the Board of Directors, I would like to extend my sincere appreciation to all shareholders, investors, partners, and customers for their enduring support of and assistance for KWG. I would also like to express uttermost gratitude to all directors, management and employees for their unwavering support and dedication, as KWG could not have sustained development without their outstanding wisdom and relentless efforts. In the second half of the year, let us build on the present and advance steadily in the important strategic direction of sustainability.

**KONG Jianmin**

*Chairman*

27 August 2021

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

### Revenue

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

The revenue amounted to approximately RMB12,973.8 million in the first half of 2021, representing an increase of 0.3% from approximately RMB12,936.0 million (restated) for the corresponding period in 2020.

The revenue generated from property development, property investment and hotel operation were approximately RMB12,188.8 million, RMB445.0 million and RMB340.0 million, respectively, during the six months ended 30 June 2021.

Proportionate revenue amounted to approximately RMB22,222.1 million in the first half of 2021, representing an increase of 10.8% from approximately RMB20,055.6 million (restated) for the corresponding period in 2020.

### Property development

Revenue generated from property development decreased by 2.1% to approximately RMB12,188.8 million for the six months ended 30 June 2021 from approximately RMB12,449.1 million for the corresponding period in 2020, primarily due to a decrease in the total gross floor area ("GFA") delivered to 770,971 sq.m. in the first half of 2021 from 1,001,696 sq.m. for the corresponding period in 2020. Despite the decrease in GFA delivered, the average selling price ("ASP") increased from RMB12,428 per sq.m. for the corresponding period in 2020 to RMB15,810 per sq.m. for the six months ended 30 June 2021, reflecting a change in delivery portfolio with different city mix and product mix as compared with that for the corresponding period in 2020.

Proportionate revenue generated from property development increased by 8.7% to approximately RMB21,184.8 million for the six months ended 30 June 2021 from approximately RMB19,493.8 million for the corresponding period in 2020, primarily due to an increase in the proportionate ASP recognised to RMB16,800 per sq.m. in the first half of 2021 from RMB12,949 per sq.m. for the corresponding period in 2020. The proportionate total GFA delivered decreased to 1,261,032 sq.m. in the first half of 2021 from 1,505,381 sq.m. in the corresponding period in 2020.

### Property investment

Revenue generated from property investment increased by 26.4% to approximately RMB445.0 million for the six months ended 30 June 2021 from approximately RMB352.1 million for the corresponding period in 2020, primarily attributable to an increase in leased investment properties.

### Hotel operation

Revenue generated from hotel operation increased by 152.2% to approximately RMB340.0 million for the six months ended 30 June 2021 from approximately RMB134.8 million for the corresponding period in 2020, primarily due to the increased occupancy rate benefitting from the control of the COVID-19 pandemic.

### Cost of Sales

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

Cost of sales increased by 3.6% to approximately RMB9,074.1 million for the six months ended 30 June 2021 from approximately RMB8,757.8 million (restated) for the corresponding period in 2020. Included in cost of sales was the accumulated fair value changes of approximately RMB568.5 million related to an office building disposed of during the period, as this property was classified as an investment property in prior periods.

## MANAGEMENT DISCUSSION AND ANALYSIS

Land cost per sq.m. increased from RMB3,852 for the corresponding period in 2020 to RMB5,995 for the six months ended 30 June 2021, due to the change in delivery portfolio with different city mix as compared with that for the corresponding period in 2020.

Construction cost per sq.m. increased from RMB3,447 for the corresponding period in 2020 to RMB4,452 for the six months ended 30 June 2021, primarily attributable to an increase in delivery of mid-end properties with relatively higher construction cost.

Proportionate cost of sales increased by 14.3% to approximately RMB15,507.5 million for the six months ended 30 June 2021 from approximately RMB13,568.3 million (restated) for the corresponding period in 2020, primarily due to an increase of the proportionate cost per sq.m. incurred in sales of properties.

### Gross Profit

Gross profit of the Group decreased by 6.7% to approximately RMB3,899.7 million for the six months ended 30 June 2021 from approximately RMB4,178.3 million (restated) for the corresponding period in 2020. The decrease of gross profit was principally due to the increase in the total cost of sales in the first half of 2021. The Group reported gross profit margin of 30.1% for the six months ended 30 June 2021 (2020: 32.3% (restated)).

Proportionate core gross profit of the Group increased by 12.3% to approximately RMB7,283.1 million for the six months ended 30 June 2021 from approximately RMB6,487.3 million (restated) for the corresponding period in 2020. The increase of proportionate core gross profit was principally due to the increase in the proportionate revenue in the first half of 2021. The Group reported proportionate core gross profit margin of 32.8% for the six months ended 30 June 2021 (2020: 32.3% (restated)).

### Other Income and Gains, Net

Other income and gains decreased by 27.4% to approximately RMB885.4 million for the six months ended 30 June 2021 from approximately RMB1,219.2 million (restated) for the corresponding period in 2020, and mainly comprised interest income and project management fee income related to our joint venture projects of approximately RMB289.7 million and RMB447.1 million respectively.

### Selling and Marketing Expenses

Selling and marketing expenses of the Group increased by 86.9% to approximately RMB782.9 million for the six months ended 30 June 2021 from approximately RMB418.8 million (restated) for the corresponding period in 2020, mainly due to an increase in service fee which cannot be offset after the spin-off of KWG Living.

### Administrative Expenses

Administrative expenses of the Group increased by 24.1% to approximately RMB888.2 million for the six months ended 30 June 2021 from approximately RMB715.7 million (restated) for the corresponding period in 2020. The increase was primarily attributable to the increased salaries.

### Fair Value (Losses)/Gains on Investment Properties, Net

The Group reported fair value losses on investment properties of approximately RMB60.1 million for the six months ended 30 June 2021 (2020 fair value gains: approximately RMB352.2 million), mainly related to various leasable commercial properties in various regions.

### Finance Costs

Finance costs of the Group being approximately RMB762.7 million for the six months ended 30 June 2021 (2020: approximately RMB546.3 million (restated)), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, they have not been capitalised.

### Income Tax Expenses

Income tax expenses decreased by 43.5% to approximately RMB939.8 million for the six months ended 30 June 2021 from approximately RMB1,662.1 million (restated) for the corresponding period in 2020, primarily due to a decrease on profit before tax as a result of the decrease in fair value gains on investment properties in the first half of 2021.

### Profit for the Period

The Group reported profit for the period of approximately RMB2,853.4 million for the six months ended 30 June 2021 (2020: approximately RMB3,535.6 million (restated)). For the six months ended 30 June 2021, proportionate net profit margin was 12.8% (2020: 17.6% (restated)).

## Liquidity, Financial and Capital Resources

### Cash Position

As at 30 June 2021, the carrying amounts of the Group's cash and bank balances were approximately RMB47,300.0 million (31 December 2020: approximately RMB44,580.5 million), representing an increase of 6.1% as compared to that as at 31 December 2020.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 30 June 2021, the carrying amount of the restricted cash was approximately RMB4,685.1 million (31 December 2020: approximately RMB3,944.7 million).

### Borrowings and Charges on the Group's Assets

As at 30 June 2021, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB36,153.5 million, RMB28,883.6 million and RMB15,756.6 million respectively. Amongst the bank and other loans, approximately RMB8,283.6 million will be repayable within 1 year, approximately RMB18,696.9 million will be repayable between 2 and 5 years and approximately RMB9,173.0 million will be repayable over 5 years. Amongst the senior notes, approximately RMB4,509.3 million will be repayable within 1 year, approximately RMB20,012.8 million will be repayable between 2 and 5 years and approximately RMB4,361.5 million will be repayable over 5 years. Amongst the domestic corporate bonds, approximately RMB10,707.9 million will be repayable within 1 year, approximately RMB5,048.7 million will be repayable between 2 and 5 years.

As at 30 June 2021, the Group's bank and other loans of approximately RMB31,430.7 million were secured by buildings, land use rights, investment properties, properties under development, completed properties held for sale and time deposits of the Group with total carrying value of approximately RMB32,472.3 million, and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The Group's domestic corporate bonds were guaranteed by the Company.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately RMB2,179.0 million and RMB2,854.9 million as at 30 June 2021 which were denominated in Hong Kong dollar and U.S. dollar respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB7,455.6 million which were charged at fixed interest rates as at 30 June 2021. The Group's senior notes and domestic corporate bonds were denominated in U.S. dollar and RMB respectively and charged at fixed interest rates as at 30 June 2021.

### Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 30 June 2021, the gearing ratio was 54.1% (31 December 2020: 61.7%).

### Risk of Exchange Rate Fluctuation

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

In the first half of 2021, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar increased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operations of the Group.

### Contingent Liabilities

- (i) As at 30 June 2021, the Group had the contingent liabilities relating to guarantees given to banks in respect of mortgage facilities for certain purchasers amounting to approximately RMB21,057.0 million (31 December 2020: approximately RMB20,271.7 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provisions have been made in the financial information as at 30 June 2021 and the financial statements as at 31 December 2020 for the guarantees.

- (ii) As at 30 June 2021 and 31 December 2020, the Group had provided guarantees in respect of certain bank loans for its joint ventures and associates.



## Market Review

Year 2021 is the commencing year of the “14th Five-Year Plan” of China and the centenary of the Chinese Communist Party. During the first half of 2021, the Chinese economy was generally stable compared to fluctuations in the overseas market. Under the central government’s principal policy tone of “housing properties are for accommodation, not for speculation”, which was reiterated by MOHURD, at the NPC and CPPCC, in the “14th Five-Year Plan” and at the Political Bureau Central Committee in an ongoing reinforcement of the position, while establishing a mechanism for long-term efficiency in the real estate market in persistent adherence to the principle against the employment of properties as a short-term stimulus for the economy. In terms of government policy, the “three red lines” curbing the investment and expansion of property enterprises in relation to financing, the “policy on the management of housing loan concentration” and “five-type categorization” controlling capital inflow into the property sector in relation to bank funds and the “centralized land supply policy” in relation to land supply were announced. Local cities implemented these policies according to their respective conditions, while mortgage limits were generally tightened, as a wide range of measures were implemented centrally as well as locally to further realize the goal of “keeping the prices of land and housing as well as market expectations stable” and procure the stable and healthy development of the real estate market. According to the data of the National Bureau of Statistics of China on the investment in and sales of nationwide property development for the period from January to June 2021, for the first 6 months, nationwide property development investment increased 15.0% year-on-year to approximately RMB7,217.9 billion; commodity properties sales increased 27.7% year-on-year to 886.35 million sq.m. Realized investment made by property development enterprises amounted to RMB10,289.8 billion, representing year-on-year growth of 23.5%. The property sector continued to play a stabilizing role in the economy.

Amidst new market demands and policy regulation, the real estate industry will face new challenges which will call for high requirements in terms of financing channel, land acquisition channel and operational management standards of property enterprises. Property companies with stronger liquidity, diverse land acquisition channels, advanced digital transformation and highly efficient operational ability will command a more advantageous position.

## Business Review

Facing a complicated and volatile market environment, KWG Group has persisted in the strategic direction of stable operation and coordinated development. In the main battle ground of corporate operation, the Group employed solid measures to seek effective outcomes. In connection with innovative development, the Group has set sight on long-term development on the back of its existing foundation, resolutely driving digital transformation and deepening diversification, while improving its organizational ability to steadily improve its operational and management standard.

In the first half of 2021, the Group’s gross pre-sales amounted to RMB56.2 billion, representing a year-on-year increase of 53%. ASP stood at approximately RMB19,600 per sq.m., improving by 17% over the corresponding period of 2020. Among the 130 projects currently for sale, analyzed by contribution to pre-sales amount, 43% were from Greater-Bay-Area and 31% were from Yangtze-River-Delta Area; analyzed by the ranking of cities, 93% were from tier-one and tier-two cities.

During the first half of 2021, the Group launched brand new projects such as Guangzhou The Beryl, Chongqing The Riviera, Chengdu The Jadeite, Tianjin Jin Yue Fu and Yancheng KWG Haya City, many of which were high-end luxury properties. The new projects excelled with their prestigious locations, premium quality and design, enjoying extensive exposure in the market.



## MANAGEMENT DISCUSSION AND ANALYSIS

KWG Group's forward-looking development strategy, solidly positive business indicators, comprehensive strengths for diversification and coordination in operations and outstanding product crafting ability have continued to drive the enhancement of its brand value and won the recognition of numerous authoritative institutions. In 2021, the Group won a number of awards on the back of its robust comprehensive strengths in the nomination activities organized by well-known organizations such as China Index Academy, China Real Estate Association, Enterprise Asia, CSCEC City Construction Development Centre, The Time Weekly and Time Finance: 2021 Top 100 PRC Property Enterprises, TOP 10 of China's Top 100 Property Companies by Profitability, 5th ranking in 2021 China's Top 10 Property Development Companies by Comprehensive Development, 2021 Top 5 Listed Real Estate Companies in China by Development Speed, Top 10 PRC Property Companies Listed in Hong Kong by Comprehensive Strength, "2021 City Operator" in the 14th Time Weekly China Properties Oscar and 2021 APEA Corporate Excellence Award.

During the first half of 2021, the Group continued to replenish premium land reserve in tier-one and top tier-two cities with a prudent land acquisition strategy. New projects with a total GFA of 510,000 sq.m. at a total land cost of RMB1.3 billion, and attributable GFA of 370,000 sq.m. at an attributable land cost of RMB900 million were added during the first half of 2021. The new acquisition attributable ratio and consolidation ratio were 72% and 100%, respectively.

In future, the Group will continue to deepen its strategy of diversified land acquisition. In terms of regional layout, the Group will continue to focus on Greater-Bay-Area and Yangtze-River-Delta Area. We will also establish our presence in key cities in the Pan Bohai Rim Region focused on Beijing and Tianjin and core cities in Central and Western regions including mainly Chengdu, Chongqing and Nanning.

As at 30 June 2021, the Group owned 177 projects in 41 cities across Mainland China and Hong Kong with an attributable land bank of approximately 15.94 million sq.m., total GFA of approximately 23.17 million sq.m. and an attributable ratio at approximately 69%.

The "14th Five-Year Plan" has clearly put forward the implementation of urban redevelopment initiatives. Urban redevelopment will drive optimization and quality enhancement of the city structure, thereby transforming the mode of urban development and construction. Against the backdrop of limited scale in urban development, major cities in China have moved from a quantity-driven development stage to an inventory-centric stage, and urban redevelopment will therefore become the new growth model. In 2021, KWG continued to make strong efforts in urban redevelopment to achieve breakthrough and transformation. The Group accurately seized opportunities presented by the times and favorable factors afforded by the urban redevelopment policies of Greater-Bay-Area to deeply engage in urban redevelopment in Greater-Bay-Area with deployments in core urban areas in Guangzhou, Foshan, Shenzhen, and Dongguan, making new breakthrough in a number of urban redevelopment projects in ongoing advancement of "Three Old Transformation". Currently, the Group has successfully won the bids for three old villages, namely, Jishan Village in Tianhe District in Guangzhou, Shuangsha Village in Huangpu District in Guangzhou and Shixia Village in Zengcheng District in Guangzhou, and is striving to convert them to sellable resources in an orderly manner. Among them, the consortium led by KWG was selected as the entity for the Shuangsha Community project in Huangpu District in Guangzhou with a high vote of 96.51% on 30 April 2021. Currently, the Shuangsha old village project has achieved a sign-up ratio of over 95% with the official commencement of construction of the first phase of the sellable area. The continuing pace of the Group's urban redevelopment projects will create a coupling effect in future to facilitate expansion of the Group's premium land reserve and lay a solid foundation for the Group's sustained high profitability in future.

## Investment Properties

The Group started to roll out its commercial projects in 2008. After more than ten years of development, its commercial portfolio is thriving with projects distributed in core locations and new economic zones in tier-one and tier-two cities such as Greater-Bay-Area, Yangtze-River-Delta Area, Bohai-Rim Region, Chengdu, Chongqing and Nanning. Currently, the Group has a total of 41 commercial projects in operation, including 10 shopping malls, 9 office buildings and 22 hotels. In future, 25 new shopping malls and 11 new office complexes will become operational successively. The self-owned brand hotel will seek scalable development through a combination of asset-light and asset-heavy approaches. Investment properties will generate stable cash inflow and profit to the Group on an ongoing basis and serve as part of the Group's double-driver alongside its property business to steer through the economic cycles. KWG is proficient in the planning of business form diversification and the building of commercial complexes that blend with the locations to form a complementary and organically integrated commercial ecosystem. By constantly identifying the commercial potential of cities, the Group has consistently delivered long-term commercial value and injected momentum for development into the cities.

### (1) Shopping Mall

In adherence to the philosophy of “art, ecology and LOHAS”, KWG Group has successfully developed three product lines of shopping mall under the brands “M · Cube”, “U Fun” and “Ufun Walk” that meets the needs for leisure and entertainment of different customer groups by claiming the city heritage with the benefit of deep cooperation with KWG Living with accurate, differentiated positioning, delicacy operation and a premium brand portfolio.

Currently, the Group has 10 shopping malls in operation, which are in Guangzhou, Beijing, Shanghai, Chengdu, Suzhou and Foshan respectively. With the normalization of anti-epidemic measures, the Group's shopping malls expanded the horizon for retail spending by introducing new retail businesses, innovative offline activities and digital empowerment. The Group's shopping malls delivered stellar performance in the first half of 2021: the overall occupancy rate of the shopping malls which have been in operation for more than half a year reached 89%. The overall foot traffic increased by 88% year-on-year and 33% over the same period of 2019; retail sales grew by more than 82% year-on-year and 65% over the same period of 2019. In 2021, Suzhou U Fun and Chengdu U Fun organized grand anniversary celebrations to mark the 3rd anniversary of their opening in the second quarter. Suzhou U Fun reported record-high retail sales and foot traffic for the anniversary month, while Chengdu U Fun reported record-high daily retail sales and monthly retail sales for the anniversary date and anniversary month, respectively. The first half of the year also saw the opening of Guangzhou The Summit Ufun Walk Phase II and Chengdu The Cosmos Commercial. Chengdu The Cosmos Commercial, together with Chengdu M · Cube Shopping Mall, U Fun Shopping Mall, U8 Pub Street, The Mulian Hotel, MUSTEL Hotel, W Hotel, International Commerce Place office buildings and high-end The Cosmos series of residences and apartments, formed a multi-format business supporting one another, entwining a huge integrated commercial cluster, and collaborating with a diverse ecology to create a landmark destination in southern Chengdu integrating shopping, cultural and artistic experience, leisure and socializing under one roof and a fashionable new signature project blending an ecological park and a business circle.

Looking to the second half of the year, Chongqing U Fun, Guangzhou Knowledge City U Fun, Shanghai Ufun Walk and Beijing Tongzhou Ufun Walk will come into operation successively. As the first commercial project of KWG in Chongqing, Chongqing U Fun will draw on the city heritage and bring in the landscape of the mountainous city afforded by the central park in northern Chongqing to create an immersive shopping facility that perfectly blends the ecology with artistic and commercial elements. The project received the “2021 Most Anticipated Commercial Project Award” presented by [www.linkshop.com.cn](http://www.linkshop.com.cn) in 2021. Centrally located in the brand-new business circle of Guangzhou Knowledge City in Huangpu District in Guangzhou, Guangzhou Knowledge City U Fun will create a “daily-living playground for all people” with an innovative commercial form of “park-like experience mall” in a renovation of the form of commercial projects in Greater-Bay-Area.

In future, KWG will continue to light up its nationwide commercial footprint on the back of the layout of its commercial complexes, connecting and seeking co-growth with more cities. With more than 20 projects currently in the preparatory stage coming into operation in the next few years, stable, considerable and recurring rental income will be generated for the Group in future.

### (2) Office

KWG Group brings together commercial resources for cities. Its office properties in the core areas of Guangzhou, Shanghai, Chengdu, Suzhou, Nanning and other cities provide a comprehensive coverage of important national municipal economic circles, such as the Yangtze-River Delta city cluster and Greater-Bay-Area. Thanks to uniquely crafted designs and efforts in delicacy management, KWG has delivered numerous high-end office projects and industrial headquarters base. It has 9 office buildings in operation, providing stable cash inflow for the Group. KWG Flourishing Biotech Square in Guangzhou Biological Island came into operation during the first half of the year, which aims to introduce biomedical enterprises. Office buildings in operation in Guangzhou include International Finance Place and International Metropolitan Plaza in Pearl River New Town, International Commerce Place in Pazhou, KWG Flourishing Biotech Square in Guangzhou Biological Island and Colorland Centre in Nansha. The office building in Shanghai is International Metropolis Plaza in Pudong Bund and those in Chengdu, Suzhou and Nanning include Chengdu International Commerce Place in the Financial High-tech District in southern Chengdu, Leader Plaza in Suzhou Industrial Park and Guangxi International Finance Place at the headquarters base in Nanning Wuxiang New District, respectively.

As the Group's office buildings are located in the CBDs of tier-one and top tier-two cities and the tenants are mainly well-known banks and top 500 multinational groups, the tenant mix is superior and stable and the occupancy rate is consistently high. During the first half of 2021, the overall occupancy rate of the Group's office buildings which have been in operation for more than half a year was 87%. Leveraging its superior geographical location and high-end market positioning, the Group's office segment has created an all-round, multifunctional business system and efficient and convenient office space with the adoption of an innovative integrated business model equipped with 5A intelligent hardware as standard facilities and implementation of comprehensive quality management.

Looking to the second half of the year, International Finance Place in Tongzhou, Beijing and Technology Commerce Centre in Guangzhou Development Zone will welcome their grand openings. International Finance Place in Tongzhou, Beijing has received the "Best Architectural Design Office Building Award" in the 2021 GBE Office Building Awards. As the only recipient of this award in Beijing, KWG Group has created a resourceful public space and premium office experience through meticulous handling of details and ergonomic-friendly measurements, distinguishing itself with the offer of the best architectural design in Tongzhou Canal Business District to the urban elites. In the next three years, more high-end modernized office buildings of the Group will come into operation, which will continue to contribute to the rapid and stable growth of the Group's rental income.

### (3) Hotels

At present, the Group has 22 hotels in operation, including hotels operated in co-operation with international hotel management groups and hotels operated under the Group's proprietary brands.

Over the past 8 years, the Group's own brand of The Mulian Hotel has accumulated experience in co-operating with many international five-star hotels, and has now fostered comprehensive and sophisticated ability in hotel design, development, investment and operation. The Mulian Hotel brand has won strong market recognition and approval of authoritative institutions on the back of its profound insight into market demands and accurate understanding of industry trends. The Hotel Group has won the "MBI Investment Value Brand Award" and "MBI Brand Influence Award — Annual Artistic Hotel" presented by Meadin Index and "Investors' Preferred Hotel Management Group" in the China Hotel Gold Horse Awards. The Mulian Hotel Group has created a diverse range of hotel brand services for different consumer groups through in-depth analysis of different dimensions of consumer needs in culture and tourism. The Group has developed four major product lines, including the luxury five-star hotel "MORDIN", light luxury business hotel "The Mulian Hotel", high-end resort hotel "The Mulian Resort Hotel" and trendy design hotel "MUSTEL". Currently, The Mulian Hotel Group has its layout in 8 tier-one and tier-two cities nationwide with a total of 17 hotels in operation.

In March, the first "MUSTEL" under The Mulian Hotel Group was opened in Chengdu as the first "modulized mixed space" hotel in China. With its insights into the younger generation, MUSTEL made a breakaway from the traditional idea of a hotel and integrated multi-cultural experience into physical space, affording infinite extension to imaginations of a "hotel" to create an unprecedented hotel experience for the creative and fashionable traveler-resident and a personalized community space that is inspiring, fun and autonomous. In the second half of the year, two more MUSTELs will be opened in Nansha and Knowledge City in Guangzhou respectively to add a touch of the exclusive "Z" generation sense of fashion to Greater-Bay-Area. The unique style and design of MUSTEL has won it the "Best Avant Garde Hotel Brand in China" presented by the China Hotel Gold Horse Awards, while Chengdu MUSTEL has won the "GBE Hotel Design Award 2021 — Best Interior Design" presented by GBE Construction Business Forum.

In July, the brand new luxury hotel "MORDIN" was opened in Guangzhou Knowledge City as the first quasi-five-star hotel in the area in response to the absence of high-end hotels in the Knowledge City. Facing the brand-new challenges and opportunities in the post-pandemic era, The Mulian Hotel will continue to establish its footprints in major tier-one and tier-two cities nationwide and continue to "renovate" its brand value, meeting the travel and accommodation needs of business travelers through accurate positioning. Meanwhile, the Hotel Group will also implement digital transformation through the combination of the asset-heavy and asset-light approaches in a steady expansion of the nationwide web with "thousands of hotels in hundreds of cities" employing a diverse range of flexible models for cooperation. In the next five years, The Mulian Hotel Group will expand to other regions in China on the back of its foothold in Guangdong and strive to develop into a strongly competitive proprietary hotel brand in the domestic market.

With the Group's sophisticated commercial operation regime, premium operation platform, and experienced teams, KWG will continue to diversity its commercial business forms, seek simultaneous development in multiple race tracks and forge a full-scale business chain to deliver stable recurring income.

## Firm Advancement of Digital Transformation and Deepening of Operational Model Reform

The real estate industry has entered the inventory-centric era. With increasing industry concentration in the property development sector and more rigorous policies in price restrictions, the overall profitability of the industry has declined. As the industry has entered a new cycle, digital transformation for the real estate industry is inevitable in order to address the trends of industry development and escalating market demands.



In consistent pursuit of qualitative growth, KWG started digital transformation in 2018. In 2020, the Group completed the comprehensive construction of the shared financial centre under the SAP system, successfully implementing a smart enterprise platform covering all modules, processes and business types of the Group that marked a brand new phase in its digitalization. The gradual advancement of digitalization has also contributed to our ascent to the RMB100 billion category of property companies. During the current year, the Group continued to engage in intensive cooperation with IBM, as it officially commenced the operation of its DHR (digital human resources) platform project. The in-depth advancement of digitalization will continue to empower lean management in human resources. The DHR platform will facilitate comprehensive business process optimization in organization and planning, personnel recruitment, appraisal and remuneration, training performance and talent development with a scenario-based mentality and digital perspective, procuring in-depth business coordination and joint actions to implement the Company's business-finance integration strategy with the support of a new-generation digital human resources management platform.

In future, the Group will continue to pursue the advancement of digital transformation as a long-term strategy in corporate development. It will consistently strengthen its digital backbone and apply the digital management platform to further enhance its management control ability, deepen the reform of operational models and procure delicacy operation, so that it could achieve cost reduction and efficiency enhancement to support its qualitative stable growth in future.

### **Persistent Fulfilment of Corporate Social Responsibility and Enhanced ESG Layout on All Fronts**

While seeking qualitative stable growth, KWG Group takes heed of its initial mission and actively participates in community welfare in fulfillment of its corporate social responsibility. As COVID-19 vaccination started to roll out across the nation in 2021, the Group's office buildings assisted in anti-epidemic work with full force and provided vaccination stations for the convenience of public. In full support of the anti-epidemic initiatives in Guangzhou, International Finance Place in Guangzhou provided the venue for a provisional vaccination station supported by people-friendly, convenient services, as close to 10,000 people received vaccination in two weeks in a highly efficient operation. KWG also consistently introduced innovation in community welfare, such as KWG Art Museum's "Operation Colorful Hat" organized in association with Guangzhou Charity Association and facilitated by innovative Internet models, an event to call for concern for the psychological health of children with serious illness and raise funds for them.

The Group has actively implemented the green philosophy and enhanced corporate governance through digital transformation and endogenous talent development, in order to consistently enhance its long-term ability to pursue qualitative sustainable development.

In the era of management dividend for the property sector, KWG has established a talent development regime emphasizing "stock-taking, training and application" in persistent adherence to the talent training philosophy underpinned by "endogenous development", forging the three talent development brands of Cultivation Plan (合鼎), Innovation Plan (合動力) and Management Trainee Plan (合新力) in an effort to groom talents required in future development. In the "2021 Forbes China • Best Employers" annual awards, KWG won the "2021 Forbes China's Best Employers" and "2021 Forbes China's Most Sustainable Employers" awards out of more than 100 companies and became the only real estate company winning both awards. Our performances in corporate development, talent training, remuneration and benefits and sustainability have been highly recognized. In future, KWG will step up with its people-centric approach and generate cultural bonding to enhance its internal organizational ability and management competence and promote sustainable and qualitative development.

KWG ranked 32nd in the "2020 China Property Enterprises Green Credit Index TOP50" jointly published by the Investment Association of China and Green Ranking. In May, KWG officially announced its "Green Finance Framework" and took the first step in the Group's practice of green finance with the successful issuance of its first green USD bonds, winning wide approval in the capital market.

In 2020, China stated the goal of “striving to achieve carbon peaking by 2030 and carbon neutrality by 2060”. Seizing this opportunity, KWG has been vigorously exploring a befitting and viable pathway for “carbon neutrality”, while increasing its effort in detailed adjustments in energy conservation and eco-friendliness. Externally, we have implemented the “green construction” layout. Internally, we advocated the green office to conserve energy and reduce emission. In future, the Group will further implement the green development philosophy and enhance its long-term ability to engage in sustainable qualitative development.

## Outlook

In the second half of 2021, under the central government’s principal tones of “housing properties for accommodation, not for speculation” and “varying policy implementation for different cities”, the emphasis on stability will continue to prevail in the development of the real estate industry. The tightening trend of real estate industry policy is not expected to change in the second half of the year.

Facing an industry landscape subject to generally tightening policies, KWG Group will resolutely implement a balanced and stable asset management strategy and develop its business layout in tandem with the trends, underpinned by a rigorous and pragmatic land reserve strategy and coordinated development on diversified race tracks. In future, KWG will continue with its deep engagement in Greater-Bay-Area and Yangtze-River Delta Area with a strong focus on core tier-one and tier-two cities. Currently, the Group’s land bank and sellable resources in these two regions account for 62% and 77% of its total land bank and total sellable resources, respectively. In the second half of 2021, the Group will launch a number of high-end luxury properties in the “ZHEN” series, including Guangzhou Landmark Arte and Guangzhou Richmond Greenville. Prudent land banking, high-quality land reserve and transformation of urban redevelopment projects of the Group will combine to support stable growth in the Group’s future sales and sustain its high profit margin.

While pursuing qualitative stable development in its principal business of real estate development, the Group will also be engaged in simultaneous development of diversified race tracks. Through many years of development, KWG has realized the synergetic coexistence of diversified businesses in terms of residential properties, shopping malls, office buildings, hotels, city-industry integration, and health industry. The Group will continue to expand its diversified race tracks capitalizing on new opportunities presented by digital transformation to make breakthrough in new growth and achieve innovation in the real estate business.

Looking to the future, the Group will continue to enhance its brand value and craft products with meticulous effort to deliver value to customers on an ongoing basis in adherence to the philosophy of “Building Homes with Heart, Creating Future with Aspiration”. Alongside the transformation and upgrade of the property industry, we will firmly advance digital transformation and deepen the reform of operational models, in a resolute effort to implement the sustainability strategy and attain qualitative stable development.

## Overview of the Group’s Property Development

As at 30 June 2021, the Group’s major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, Changshu, Lishui, Chongqing, Taicang, Wuxi, Zhaoqing, Zhongshan, Nantong, Liuzhou, Shenzhen, Shaoxing, Huizhou, Jiangmen, Wenzhou, Dongguan, Yangzhou, Ningbo, Meishan, Chenzhou, Wuzhou, Xi’an, Kunming, Yancheng and Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
1	The Summit	Guangzhou	Residential/villa/serviced apartment/office/commercial	1,143	100
2	International Metropolitan Plaza	Guangzhou	Office/commercial	40	50
3	Tian Hui Plaza (including The Riviera and Top Plaza)	Guangzhou	Serviced apartment/office/ commercial/hotel	45	33.33
4	KWG Flourishing Biotech Square	Guangzhou	Office/commercial	84	100
5	Top of World	Guangzhou	Villa/serviced apartment/office/ commercial/hotel	300	100
6	The Eden	Guangzhou	Residential/commercial	2	50
7	Paradise by Moony Sky	Guangzhou	Villa/hotel	30	70
8	Essence of City	Guangzhou	Residential/villa/commercial	54	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and International Finance East)	Guangzhou	Serviced apartment/office/ commercial	68	33.33
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/office/ commercial/hotel	14	50
12	Blooming River	Guangzhou	Residential/villa/commercial	100	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	7	40
14	The Jadeite	Guangzhou	Residential	6	40
15	V-city	Guangzhou	Serviced apartment/ commercial	158	70
16	Montkam	Guangzhou	Residential/villa	22	30
17	E-city	Guangzhou	Serviced apartment/ commercial	480	67
18	Guangzhou Luogang M • Cube	Guangzhou	Commercial/hotel	15	60
19	Technology Commerce Center (formerly known as Ke Xian Center)	Guangzhou	Office/commercial	8	50
20	The Beryl (Guangzhou Development Area Hotel A Project)	Guangzhou	Villa/serviced apartment/ commercial/hotel	13	60
21	The Beryl (Guangzhou Development Area Hotel B Project)	Guangzhou	Villa/serviced apartment/office/ commercial	16	60
22	Landmark Arte	Guangzhou	Residential/serviced apartment/commercial	79	80



No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
23	Clover Shades	Guangzhou	Residential/commercial	54	43.75
24	The Emerald	Guangzhou	Residential	84	100
25	Guangzhou Biotech Park	Guangzhou	Villa/serviced apartment/office/ commercial	192	80
26	Longyatt Mansion	Guangzhou	Residential/commercial	92	100
27	Dreams Garden	Guangzhou	Residential/commercial	283	100
28	Lakeside Mansion	Guangzhou	Residential/commercial	165	51
29	Richmond Greenville	Guangzhou	Residential	95	100
30	Guangzhou Nansha Project	Guangzhou	Educational	89	60
31	The Star Garden	Guangzhou	Residential/commercial	194	87.5
32	IFP	Guangzhou	Office/commercial	61	100
33	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
34	The Mulian Huadu	Guangzhou	Hotel	25	100
35	W Hotel/W Serviced Apartments	Guangzhou	Hotel/serviced apartment	80	100
36	The Mulian Guangzhou	Guangzhou	Hotel	8	100
37	The Sapphire	Suzhou	Residential/serviced apartment/office/ commercial/hotel	22	100
38	Suzhou Apex	Suzhou	Residential/serviced apartment/commercial/hotel	110	100
39	Suzhou Emerald	Suzhou	Residential/commercial	2	100
40	Leader Plaza	Suzhou	Serviced apartment/office/ commercial	24	100
41	Fortune Building	Suzhou	Office/commercial/hotel	32	100
42	Suzhou Jade Garden	Suzhou	Residential/commercial	2	100
43	Orient Aesthetics	Suzhou	Residential/commercial	3	16
44	Orient Moon Bay	Suzhou	Residential	12	50
45	Swan Harbor Park	Suzhou	Residential/serviced apartment/office/commercial	157	50
46	Lunar River	Suzhou	Residential/commercial	48	51
47	Blessedness Seasons	Suzhou	Residential/commercial	37	49
48	Moonlit River	Suzhou	Residential	48	50
49	The Vision of the World	Chengdu	Residential/serviced apartment/commercial	53	100
50	Chengdu Cosmos	Chengdu	Residential/serviced apartment/office/ commercial/hotel	240	100
51	Chengdu Sky Ville	Chengdu	Residential/serviced apartment/office/commercial	128	50

## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
52	Yunshang Retreat	Chengdu	Residential/villa/serviced apartment/commercial/hotel	586	55
53	The Jadeite	Chengdu	Residential/villa/commercial/ hotel	51	100
54	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/commercial	2	100
55	La Villa	Beijing	Residential/villa/commercial	7	50
56	Beijing Apex	Beijing	Residential/villa/serviced apartment/commercial	28	50
57	M • Cube	Beijing	Commercial	16	100
58	Summer Terrace	Beijing	Residential/commercial	16	100
59	Uptown Riverside I	Beijing	Serviced apartment/office/ commercial	128	100
60	Uptown Riverside II	Beijing	Serviced apartment/office/ commercial	68	100
61	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/ commercial	27	33
62	The Core of Center (Beijing Niulanshan Complex Project)	Beijing	Residential/villa/commercial/ hotel	195	100
63	The Core of Center (Beijing Niulanshan 1107# Project)	Beijing	Residential	23	100
64	New Chang'an Mansion	Beijing	Residential/office/commercial/ hotel	56	100
65	Pearl Coast	Hainan	Residential/villa/commercial/ hotel	99	100
66	Villa Como	Hainan	Residential/villa/commercial/ hotel	344	100
67	Egret Bay	Hainan	Residential/serviced apartment/commercial	31	20
68	Hainan Wenchang Changsa Project	Hainan	Serviced apartment/ commercial	76	100
69	International Metropolis Plaza	Shanghai	Office/commercial	30	75.5
70	Shanghai Apex	Shanghai	Residential/serviced apartment/commercial/hotel	19	51
71	Shanghai Sapphire	Shanghai	Serviced apartment/ commercial	26	51
72	Amazing Bay	Shanghai	Residential/serviced apartment/office/ commercial/hotel	49	50

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
73	Vision of World	Shanghai	Residential/serviced apartment/commercial/hotel	56	51
74	Glory Palace	Shanghai	Residential	3	100
75	Shanghai Biotech Park	Shanghai	Office/commercial	121	90
76	Jinnan New Town	Tianjin	Residential/villa/serviced apartment/commercial	350	25
77	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	262	100
78	Tianjin Apex	Tianjin	Residential/office/commercial	73	100
79	Jin Yue Fu	Tianjin	Residential/commercial	96	100
80	Haya City	Tianjin	Residential/commercial	173	60
81	The Core of Center	Nanning	Residential/villa/serviced apartment/commercial/hotel	259	100
82	International Finance Place	Nanning	Office/commercial	61	100
83	Top of World	Nanning	Residential/villa/serviced apartment/commercial/hotel	83	100
84	Fragrant Season	Nanning	Residential/villa/commercial	17	100
85	Impression Discovery Bay I	Nanning	Residential/commercial	16	34
86	Impression Discovery Bay II	Nanning	Residential/commercial	50	34
87	Emerald City	Nanning	Residential/serviced apartment/commercial	413	100
88	The Mulian Hangzhou	Hangzhou	Commercial/hotel	18	100
89	The Moon Mansion	Hangzhou	Residential/villa	2	51
90	Sky Ville	Hangzhou	Residential/villa	1	100
91	Puli Oriental	Hangzhou	Residential/commercial	8	50
92	Urban Artwork	Hangzhou	Serviced apartment/ commercial	14	60
93	Malus Moon	Hangzhou	Residential/villa/commercial	39	100
94	Oriental Dawn	Hangzhou	Residential/commercial	55	50
95	Precious Mansion	Hangzhou	Residential/villa/office/ commercial	85	88.27
96	Season Mix	Hangzhou	Residential/commercial/hotel	45	25
97	Shine City	Nanjing	Residential/office/commercial	8	50
98	South Bank Palace	Nanjing	Residential/commercial	3	19.75
99	Ruyi Palace	Nanjing	Residential/commercial	20	50
100	Oriental Bund	Foshan	Residential/villa/serviced apartment/commercial	993	50
101	The Riviera	Foshan	Residential/commercial	75	51

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
102	One Palace	Foshan	Residential/serviced apartment/commercial	56	33.3
103	Foshan Apex	Foshan	Residential/serviced apartment/commercial	13	50
104	China Image	Foshan	Residential/commercial	36	34
105	Water Moon	Hefei	Residential/commercial	130	100
106	City Moon	Hefei	Residential/commercial	1	100
107	The One	Hefei	Residential/commercial	107	100
108	Park Mansion	Hefei	Residential	2	50
109	Joyful Season	Wuhan	Residential/villa/commercial	75	60
110	The Buttonwood Season I	Wuhan	Residential/villa/commercial	11	100
111	The Buttonwood Season II	Wuhan	Residential/villa/commercial	142	100
112	Exquisite Bay	Xuzhou	Residential/commercial	3	50
113	Fragrant Season	Xuzhou	Residential/commercial	13	50
114	Xuzhou Tongshan Project I	Xuzhou	Residential	6	33
115	Xuzhou Tongshan Project II	Xuzhou	Residential/commercial	27	33
116	Oriental Milestone	Xuzhou	Residential	142	100
117	Majestic Mansion	Jiaxing	Residential/commercial	6	100
118	Star City	Jiaxing	Residential	1	25
119	Noble Peak	Jiaxing	Residential	2	100
120	International Commercial Plaza (formerly known as Jiaxing CRH New Town Project)	Jiaxing	Residential/serviced apartment/office/ commercial/hotel	383	100
121	Top of World Residence I	Taizhou	Residential	2	100
122	Top of World Residence II	Taizhou	Residential/commercial	6	100
123	Linhai Mansion	Taizhou	Residential/commercial	3	100
124	Star Mansion	Taizhou	Residential/commercial	1	33
125	Lead Peak Mansion	Taizhou	Residential/commercial	1	100
126	Jinan Zhangqiu Project	Jinan	Residential	46	49
127	Jinan Zhang Ma Tun C6# Project	Jinan	Residential/commercial	26	20
128	Jinan Zhang Ma Tun C8# Project	Jinan	Residential/commercial	26	20
129	Fragrant Season	Changshu	Residential	10	40
130	Brown Stone Life	Changshu	Residential	5	25
131	Liu Xiang Mansion	Lishui	Residential/commercial	8	49
132	The Riviera Chongqing	Chongqing	Residential/commercial/hotel	28	100
133	The Cosmos Chongqing	Chongqing	Residential/serviced apartment/office/ commercial/hotel	256	100
134	The Moon Mansion	Chongqing	Residential/commercial	6	39
135	Splendid City	Chongqing	Residential/commercial	3	50

No.	Project	District	Type of Product	Total GFA	Interest
				Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
136	Mansion of Jasper	Chongqing	Residential/commercial	2	50
137	Jade Moon Villa	Chongqing	Residential/commercial	18	50
138	Jinzhu Tianyi Huayuan	Taicang	Residential	52	66.7
139	Oriental Mansion	Wuxi	Residential/commercial	1	20
140	Exquisite Palace	Wuxi	Residential/commercial	5	45
141	Star Mansion	Wuxi	Residential/commercial	7	50
142	Vision of the World	Zhaoqing	Residential/commercial	108	100
143	River View Mansion	Zhaoqing	Residential/commercial	33	33
144	The Moon Mansion	Zhongshan	Residential/commercial	50	50
145	Serenity in Prosperity	Nantong	Residential/villa/commercial	5	51
146	Oriental Beauty	Nantong	Residential	11	70
147	Central Mansion	Nantong	Residential	22	70
148	The Moon Mansion	Liuzhou	Residential/villa/commercial	79	100
149	Fortunes Season	Liuzhou	Residential/commercial/hotel	1,013	100
150	Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/ commercial	61	51
151	KWG Topchain City Center	Shenzhen	Serviced apartment/office/ commercial	58	51
152	Grand Oasis	Shenzhen	Serviced apartment/office/ commercial/hotel	44	55
153	Shenzhen Longhua Project	Shenzhen	Residential	90	50
154	Shaoxing Project	Shaoxing	Residential/villa	1	24.9
155	Skyline Seasons (formerly known as Life in Yueshan County)	Huizhou	Residential/commercial	260	100
156	Huizhou Longmen Project- Educational#[2019] 011	Huizhou	Educational	11	100
157	Huizhou Longmen Project- Educational#[2019] 014	Huizhou	Educational	61	100
158	The Horizon	Jiangmen	Residential	1	100
159	Jiangmen Apex International	Jiangmen	Residential/serviced apartment/commercial	73	100
160	Cullinan Mansion	Wenzhou	Residential/commercial	52	100
161	Art Wanderland	Dongguan	Residential/commercial	2	12.5
162	Dongguan Hengli Project	Dongguan	Residential/villa	24	20
163	Yangzhou Apex	Yangzhou	Residential/commercial	114	80
164	Ningbo Beilun Project	Ningbo	Residential	1	49
165	Parkview Palace	Ningbo	Residential	2	49
166	Cloud Mansion	Ningbo	Residential	37	50
167	Meishan Apex	Meishan	Residential/commercial	7	100
168	River State	Meishan	Residential/commercial	104	34
169	Chenzhou Wangxian Eco- tourism Project	Chenzhou	Residential/villa	72	50

No.	Project	District	Type of Product	Total GFA	Interest
				Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
170	KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	256	75
171	Meet	Xi'an	Serviced apartment/ commercial/hotel	34	100
172	Salar de Uyuni	Kunming	Residential/commercial/hotel	257	51
173	Salar de Uyuni Guan Lake [Phase 2 – #17–28] (formerly known as Kunming Zhaotong Project #17–28)	Kunming	Residential/Commercial	68	55
174	Salar de Uyuni Guan Lake [Phase 1 – #17–29] (formerly known as Kunming Zhaotong Project #17–29)	Kunming	Residential/Commercial	88	55
175	KWG Haya City (formerly known as Yancheng High-tech District Project)	Yancheng	Residential/serviced apartment/commercial/hotel	680	100
176	Hong Kong Ap Lei Chau Project	Hong Kong	Residential	35	50
177	Upper RiverBank	Hong Kong	Residential/commercial	27	50

## Employees and Emolument Policies

As at 30 June 2021, the Group employed a total of approximately 5,900 employees. The total staff costs incurred were approximately RMB765.9 million during the six months ended 30 June 2021. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

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

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

## Interests of the Directors and Chief Executive in Securities

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

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

Name of Director	Number of Shares held				Total	Approximate% of the issued share capital <sup>(1)</sup>
	Personal Interests (held as beneficial owner)	Family Interests (interests of spouse or child under 18)	Corporate Interests (interests of controlled corporation)	Other Interests		
KONG Jianmin	–	–	1,594,749,652 <sup>(3)</sup>	399,053,500 <sup>(2)(3)</sup>	1,993,803,152	62.69%
KONG Jiantao	–	–	256,804,687 <sup>(4)</sup>	1,443,385,000 <sup>(2)(4)</sup>	1,700,189,687	53.46%
KONG Jiannan	–	–	144,338,500 <sup>(5)</sup>	1,553,761,500 <sup>(2)(5)</sup>	1,698,100,000	53.39%
CAI Fengjia	254,291 <sup>(6)</sup>	112,000 <sup>(7)</sup>	–	110,000 <sup>(8)</sup>	476,291	0.01%
LEE Ka Sze, Carmelo <i>JP</i>	30,000	–	–	–	30,000	0.00%
TAM Chun Fai	30,000	–	–	–	30,000	0.00%



## OTHER INFORMATION

### Notes:

- (1) The approximate percentages were calculated based on 3,180,522,853 ordinary shares in issue as at 30 June 2021.
- (2) On 30 December 2018, Mr. KONG Jianmin, Mr. KONG Jiantao, Mr. KONG Jiannan, Plus Earn Consultants Limited ("Plus Earn"), Right Rich Consultants Limited ("Right Rich") and Peace Kind Investments Limited ("Peace Kind") entered into an equity reorganization agreement (the "Equity Reorganization Agreement"), pursuant to which (i) Plus Earn agreed to transfer 179,715,000 shares of the Company to Right Rich and 144,338,500 shares of the Company to Peace Kind; (ii) Mr. KONG Jiantao agreed to transfer 15% equity interest in Plus Earn to Mr. KONG Jianmin and Mr. KONG Jiannan agreed to transfer 8.5% equity interest in Plus Earn to Mr. KONG Jianmin; and (iii) Mr. KONG Jianmin agreed to transfer 76.5% equity interest in Right Rich to Mr. KONG Jiantao and Mr. KONG Jiannan agreed to transfer 8.5% equity interest in Right Rich to Mr. KONG Jiantao (the "Equity Reorganization"). The Equity Reorganization was completed on 30 December 2018. Upon completion of the Equity Reorganization, (i) Plus Earn is wholly-owned by Mr. KONG Jianmin and directly holds 1,299,046,500 shares of the Company; (ii) Right Rich is wholly-owned by Mr. KONG Jiantao and directly holds 254,715,000 shares of the Company; and (iii) Peace Kind is wholly-owned by Mr. KONG Jiannan and directly holds 144,338,500 shares of the Company.

On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into a shareholders' agreement (the "Shareholders' Agreement") to regulate their dealings in the shares of the Company. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.

- (3) Mr. KONG Jianmin is deemed to be interested in a total of 1,993,803,152 shares of the Company including (i) 1,299,046,500 shares held by Plus Earn which is wholly-owned by Mr. KONG Jianmin; (ii) 295,703,152 shares held by Hero Fine Group Limited ("Hero Fine") which is wholly-owned by Mr. KONG Jianmin; and (iii) 254,715,000 shares held by Right Rich and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.
- (4) Mr. KONG Jiantao is deemed to be interested in a total of 1,700,189,687 shares of the Company including (i) 254,715,000 shares held by Right Rich which is wholly-owned by Mr. KONG Jiantao; (ii) 1,109,587 shares held by Excel Wave Investments Limited ("Excel Wave") which is wholly-owned by Mr. KONG Jiantao; (iii) 980,100 shares held by Wealth Express Investments Limited ("Wealth Express") which is wholly-owned by Mr. KONG Jiantao; and (iv) 1,299,046,500 shares held by Plus Earn and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.
- (5) Mr. KONG Jiannan is deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 144,338,500 shares held by Peace Kind which is wholly-owned by Mr. KONG Jiannan; and (ii) 1,299,046,500 shares held by Plus Earn and 254,715,000 shares held by Right Rich pursuant to the Shareholders' Agreement.
- (6) As at 30 June 2021, a total of 401,500 awarded shares granted to Mr. CAI Fengjia by the Company were vested, of which 147,209 awarded shares were sold by the trustee for the purpose of covering the PRC withholding tax, pursuant to the Share Award Scheme. Further details of awarded shares are set out in the section headed "Share Award Scheme" in this report.
- (7) These shares were held by Mr. CAI Fengjia's spouse.
- (8) These shares represented the interests in awarded shares granted to Mr. CAI Fengjia by the Company and remained unvested.

**(ii) Interests in debentures of the Company**

<b>Name of Director</b>	<b>Capacity/Nature of Interests</b>	<b>Amount of debentures interested</b>
KONG Jiantao	Interest of a controlled corporation <sup>(1)</sup>	US\$2,000,000
	Interest of spouse <sup>(1)</sup>	US\$3,000,000

Note:

- (1) The spouse of Mr. KONG Jiantao and Excel Wave, a company wholly owned by Mr. KONG Jiantao, held US\$3,000,000 and US\$2,000,000 of the 7.40% senior notes due 2024 in the aggregate principal amount of US\$300 million issued by the Company (the "Senior Notes") respectively. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the Senior Notes held by his spouse and Excel Wave respectively under the SFO.

**(iii) Long positions in shares of associated corporations**

<b>Name of Director</b>	<b>Name of Associated Corporation</b>	<b>Number of shares held</b>	<b>% of the issued voting shares</b>
KONG Jianmin	Plus Earn Consultants Limited	1,000	100%

Save as disclosed above, as at 30 June 2021, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

## Interests of Substantial Shareholders and Other Persons

As at 30 June 2021, to the knowledge of the Directors, the following entities (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity	Number of shares held in long position (L)/ short position (S)/ lending pool (LP)	% of the issued voting shares <sup>(1)</sup>
Plus Earn Consultants Limited ("Plus Earn") <sup>(2)</sup>	Beneficial owner	1,299,046,500 (L)	40.84%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	399,053,500 (L)	12.55%
Hero Fine Group Limited ("Hero Fine") <sup>(3)</sup>	Beneficial owner	293,703,152 (L)	9.30%
Right Rich Consultants Limited ("Right Rich") <sup>(4)</sup>	Beneficial owner	254,715,000 (L)	8.01%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,443,385,000 (L)	45.38%
Peace Kind Investments Limited ("Peace Kind") <sup>(5)</sup>	Beneficial owner	144,338,500 (L)	4.54%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,553,761,500 (L)	48.85%

## Notes:

- (1) The approximate percentage was calculated based on 3,180,522,853 ordinary shares in issue as at 30 June 2021.
- (2) Plus Earn is legally and beneficially owned as to 100% by Mr. KONG Jianmin. Pursuant to the SFO, Plus Earn is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 1,299,046,500 shares directly held by it; and (ii) 254,715,000 shares held by Right Rich and 144,338,500 shares held by Peace Kind, pursuant to the Shareholders' Agreement.
- (3) Hero Fine is legally and beneficially owned as to 100% by Mr. KONG Jianmin.
- (4) Right Rich is legally and beneficially owned as to 100% by Mr. KONG Jiantao. Pursuant to the SFO, Right Rich is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 254,715,000 shares directly held by it; and (ii) 1,299,046,500 shares held by Plus Earn and 144,338,500 shares held by Peace Kind, pursuant to the Shareholders' Agreement.
- (5) Peace Kind is legally and beneficially owned as to 100% by Mr. KONG Jiannan. Pursuant to the SFO, Peace Kind is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 144,338,500 shares directly held by it; and (ii) 1,299,046,500 shares held by Plus Earn and 254,715,000 shares held by Right Rich, pursuant to the Shareholders' Agreement.

Save as disclosed above, as at 30 June 2021, no other person (other than the Directors or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## Share Option Scheme

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

During the six months ended 30 June 2021, details of the share options under the Share Option Scheme are as follows:

Grantees	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of share options				Closing price per share immediately before the date of grant (HK\$)	
				as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled/lapsed during the period		as at 30 June 2021
Employees <sup>(1)</sup>	13.02.2018	13.02.2019 to 13.02.2022 <sup>(2)</sup>	11.12	948,500	-	(191,000)	(75,000)	682,500	10.70
<b>Total</b>				948,500	-	(191,000)	(75,000)	682,500	

Notes:

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

### Valuation of Share Options

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

Dividend Yield	7.18%
Expected Volatility	43.35%
Risk-free Interest Rate	0.84%
Expected Life of Share Options (years)	4 years
Weighted Average Share Price	HK\$11.12

For the six months ended 30 June 2021, the Group has recognised approximately RMB32,000 in share-based payment expenses in the statement of profit or loss (2020: approximately RMB217,000).

## Share Award Scheme

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

During the six months ended 30 June 2021, details of the awarded shares under the Share Award Scheme are set out below:

Awardees	Date of grant	Vesting date	Number of awarded shares				as at 30 June 2021
			as at 1 January 2021	Granted during the period	Vested during the period	Lapsed during the period	
CAI Fengjia (Executive Director)	19.01.2018	(1)	92,500	—	(92,500) <sup>(4)</sup>	—	—
	08.04.2019	(2)	92,000	—	(46,000) <sup>(4)</sup>	—	46,000
	14.04.2020	(3)	96,000	—	(32,000) <sup>(4)</sup>	—	64,000
Directors of certain subsidiaries of the Company	19.01.2018	(1)	538,500	—	(538,500) <sup>(5)</sup>	—	—
	08.04.2019	(2)	424,000	—	(183,000) <sup>(5)</sup>	(58,000)	183,000
	14.04.2020	(3)	415,500	—	(120,000) <sup>(5)</sup>	(55,500)	240,000
Other Selected Participants	19.01.2018	(1)	99,500	—	(99,500)	—	—
	08.04.2019	(2)	99,000	—	(49,500)	—	49,500
	14.04.2020	(3)	78,000	—	(26,000)	—	52,000
Other independent Selected Participants	19.01.2018 & 18.10.2018	(1)	477,000	—	(477,000) <sup>(5)</sup>	—	—
	08.04.2019	(2)	630,000	—	(294,500) <sup>(5)</sup>	(41,000)	294,500
	14.04.2020	(3)	1,348,500	—	(432,500) <sup>(5)</sup>	(51,000)	865,000
<b>Total</b>			4,390,500	—	(2,391,000)	(205,500)	1,794,000

## OTHER INFORMATION

### Notes:

- (1) The awarded shares granted on 19 January 2018 and 18 October 2018 shall be vested in three tranches with the vesting date on 19 January of each year from 2019 to 2021, or an earlier date as approved by the Board, pursuant to the Scheme Rules.
- (2) The awarded shares granted on 8 April 2019 shall be vested in three tranches with the vesting date on 8 April of each year from 2020 to 2022, or an earlier date as approved by the Board, pursuant to the Scheme Rules.
- (3) The awarded shares granted on 14 April 2020 shall be vested in three tranches with the vesting date on 14 April of each year from 2021 to 2023, or an earlier date as approved by the Board, pursuant to the Scheme Rules.
- (4) A total of 170,500 awarded shares granted to Mr. CAI Fengjia by the Company are vested during the period, of which 26,382 awarded shares, 22,632 awarded shares and 15,927 awarded shares were sold by the trustee at an average price of HK\$11.8716, HK\$13.0593 and HK\$13.1165 respectively, for the purpose of covering PRC withholding tax pursuant to the Scheme Rules.
- (5) A total of 2,045,500 awarded shares granted by the Company to directors of certain subsidiaries of the Company and other independent Selected Participants are vested during the period, of which 231,207 awarded shares, 138,196 awarded shares and 154,336 awarded shares were sold by the trustee at an average price of HK\$11.8716, HK\$13.0593 and HK\$13.1165 respectively, for the purpose of covering PRC withholding tax pursuant to the Scheme Rules.

## Compliance with Corporate Governance Code

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor's confidence and the Company's accountability and transparency, but also important to the Company's long-term success, therefore, the Group strives to attain and maintain effective corporate governance practices and procedures. The Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021.

## Compliance with Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2021.

## Review by Audit Committee

The audit committee of the Company (the "Audit Committee") has reviewed the Company's interim report for the six months ended 30 June 2021. The Audit Committee comprises three members who are Independent Non-executive Directors.

## Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.



## Disclosures Pursuant to Rule 13.18 of the Listing Rules

### Facility Agreement dated 27 January 2017

On 27 January 2017, the Company as borrower, and certain of the subsidiaries of the Company, as original guarantors, entered into a facility agreement (the “Facility Agreement I”) with, among others, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited, The Bank of East Asia, Limited and Chong Hing Bank Limited as original lenders, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and The Bank of East Asia, Limited, as mandated lead arrangers and bookrunners and Standard Chartered Bank (Hong Kong) Limited as agent in relation to a transferrable dual currency term loan facility in the amount of HK\$1,485 million and US\$150 million respectively with a greenshoe option of US\$250 million to the Company for a term of 48 months commencing from the date of the Facility Agreement I.

Pursuant to the terms of the Facility Agreement I, the Company has undertaken to procure that Mr. KONG Jianmin, being the controlling shareholder of the Company, at all times: (i) beneficially owns not less than 35% of the entire issued share capital, voting rights and control of the Company; (ii) is the single largest shareholder of the Company; and (iii) is the chairman of the board of directors of the Company. Failure to comply with any of the above undertakings will constitute an event of default under the Facility Agreement I. Further details of the transaction are disclosed in the announcement of the Company dated 27 January 2017. All outstanding principal under Facility Agreement I has been fully repaid in January 2021.

### Facility Agreement dated 5 June 2018

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

Pursuant to the terms of the Facility Agreement II, among others, the Company has undertaken to procure that Mr. KONG Jianmin, being the controlling shareholder of the Company, at all times: (i) beneficially owns not less than 35% of the entire issued share capital, voting rights and control of the Company; (ii) is the single largest shareholder of the Company; and (iii) is the chairman of the board of directors of the Company. Failure to comply with any of the above undertakings will constitute as an event of default under the Facility Agreement II. Further details of the transaction are disclosed in the announcement of the Company dated 5 June 2018.

### Facility Agreement dated 23 December 2020

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

## OTHER INFORMATION

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

### Interim Dividend

The Board resolved to declare an interim dividend of RMB37 cents per share (2020: RMB40 cents per share) for the six months ended 30 June 2021. The interim dividend shall be declared in RMB and payable in cash in Hong Kong dollars, which expected to be paid on or around Friday, 28 January 2022 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 24 September 2021.

### Closure of Register of Members

The register of members of the Company will be closed from Monday, 20 September 2021 to Friday, 24 September 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 17 September 2021.

# PROJECT SUMMARY



## Guangzhou – 36 projects

- Total Attributable GFA approximately 4,225,000 sqm
- The Summit
  - International Metropolitan Plaza
  - Tian Hui Plaza (including The Riviera and Top Plaza)
  - KWG Flourishing Biotech Square
  - Top of World
  - The Eden
  - Paradise by Moony Sky
  - Essence of City
  - International Commerce Place
  - CFC (including Mayfair and International Finance East)
  - The Horizon
  - Blooming River
  - Nansha River Paradise
  - The Jadeite
  - V-city
  - Montkam
  - E-city
  - Guangzhou Luogang M-Cube
  - Technology Commerce Center (formerly known as Ke Xian Center)
  - The Beryl (Guangzhou Development Area Hotel A Project)
  - The Beryl (Guangzhou Development Area Hotel B Project)
  - Landmark Arte
  - Clover Shades
  - The Emerald
  - Guangzhou Biotech Park
  - Longyatt Mansion
  - Dreams Garden
  - Lakeside Mansion
  - Richmond Greenville
  - Guangzhou Nansha Project
  - The Star Garden
  - IFF
  - Four Points by Sheraton Guangzhou, Dongpu
  - The Mulan Huadu
  - W Hotel / W Serviced Apartments
  - The Mulan Guangzhou

## Foshan – 5 projects

- Total Attributable GFA approximately 1,173,000 sqm
- Oriental Bund
  - The Riviera
  - One Palace
  - Foshan Apex
  - China Image

## Huizhou – 3 projects

- Total Attributable GFA approximately 332,000 sqm
- Skyline Seasons (formerly known as Life in Yueshan County)
  - Huizhou Longmen Project-Educational#2019J011
  - Huizhou Longmen Project-Educational#2019J014

## Shenzhen – 4 projects

- Total Attributable GFA approximately 253,000 sqm
- Shenzhen Bantian Project
  - KWG Topchain City Center
  - Grand Oasis
  - Shenzhen Longhua Project

## Zhaoqing – 2 projects

- Total Attributable GFA approximately 141,000 sqm
- Vision of the World
  - River View Mansion

## Jiangmen – 2 projects

- Total Attributable GFA approximately 74,000 sqm
- The Horizon
  - Jiangmen Apex International

## Hong Kong – 2 projects

- Total Attributable GFA approximately 62,000 sqm
- Hong Kong Ap Lei Chau Project
  - Upper RiverBank

## Zhongshan – 1 project

- Total Attributable GFA approximately 50,000 sqm
- The Moon Mansion

## Dongguan – 2 projects

- Total Attributable GFA approximately 26,000 sqm
- Art Wanderland
  - Dongguan Hengli Project

## Yancheng – 1 project

- Total Attributable GFA approximately 680,000 sqm
- KWG Haya City (formerly known as Yancheng High-tech District Project)

## Suzhou – 12 projects

- Total Attributable GFA approximately 505,000 sqm
- The Sapphire
  - Suzhou Apex
  - Suzhou Emerald
  - Leader Plaza
  - Fortune Building
  - Suzhou Jade Garden
  - Orient Aesthetics
  - Orient Moon Bay
  - Swan Harbor Park
  - Lunar River
  - Blessedness Seasons
  - Moonlit River

## Jiaxing – 4 projects

- Total Attributable GFA approximately 392,000 sqm
- Majestic Mansion
  - Star City
  - Noble Peak
  - International Commercial Plaza (formerly known as Jiaxing CRH New Town Project)

## Shanghai – 7 projects

- Total Attributable GFA approximately 308,000 sqm
- International Metropolis Plaza
  - Shanghai Apex
  - Shanghai Sapphire
  - Amazing Bay
  - Vision of World
  - Glory Palace
  - Shanghai Biotech Park

## Hangzhou – 9 projects

- Total Attributable GFA approximately 269,000 sqm
- The Mulan Hangzhou
  - The Moon Mansion
  - Sky Villa
  - Puli Oriental
  - Urban Artwork
  - Malus Moon
  - Oriental Dawn
  - Precious Mansion
  - Season Mix

## Hefei – 4 projects

- Total Attributable GFA approximately 240,000 sqm
- Water Moon
  - City Moon
  - The One
  - Park Mansion

## Xuzhou – 5 projects

- Total Attributable GFA approximately 191,000 sqm
- Exquisite Bay
  - Fragrant Season
  - Xuzhou Tongshan Project I
  - Xuzhou Tongshan Project II
  - Oriental Milestone

## Yangzhou – 1 project

- Total Attributable GFA approximately 114,000 sqm
- Yangzhou Apex

## Wenzhou – 1 project

- Total Attributable GFA approximately 52,000 sqm
- Cullinan Mansion

## Taicang – 1 project

- Total Attributable GFA approximately 52,000 sqm
- Jinzhu Tianyi Huayuan

## Ningbo – 3 projects

- Total Attributable GFA approximately 40,000 sqm
- Ningbo Beilun Project
  - Parkview Palace
  - Cloud Mansion

## Nantong – 3 projects

- Total Attributable GFA approximately 38,000 sqm
- Serenity in Prosperity
  - Oriental Beauty
  - Central Mansion

## Nanjing – 3 projects

- Total Attributable GFA approximately 31,000 sqm
- Shine City
  - South Bank Palace
  - Ruji Palace

## Changshu – 2 projects

- Total Attributable GFA approximately 15,000 sqm
- Fragrant Season
  - Brown Stone Life

## Wuxi – 3 projects

- Total Attributable GFA approximately 15,000 sqm
- Oriental Mansion
  - Exquisite Palace
  - Star Mansion

## Taizhou – 5 projects

- Total Attributable GFA approximately 13,000 sqm
- Top of World Residence I
  - Top of World Residence II
  - Linhai Mansion
  - Star Mansion
  - Lead Peak Mansion

## Lishui – 1 project

- Total Attributable GFA approximately 8,000 sqm
- Liu Xiang Mansion

## Shaoxing – 1 project

- Total Attributable GFA approximately 1,000 sqm
- Shaoxing Project

## Tianjin – 5 projects

- Total Attributable GFA approximately 955,000 sqm
- Jinnan New Town
  - Tianjin The Cosmos
  - Tianjin Apex
  - Jin Yue Fu
  - Haya City

## Beijing – 11 projects

- Total Attributable GFA approximately 566,000 sqm
- Fragrant Seasons
  - La Villa
  - Beijing Apex
  - M-Cube
  - Summer Terrace
  - Uptown Riverside I
  - Uptown Riverside II
  - Rose and Girinco Mansion
  - The Core of Center (Beijing Niulanshan Complex Project)
  - The Core of Center (Beijing Niulanshan 1107# Project)
  - New Chang'an Mansion

## Jinan – 3 projects

- Total Attributable GFA approximately 580,000 sqm
- Jinan Zhanqiu Project
  - Jinan Zhang Ma Tun C6# Project
  - Jinan Zhang Ma Tun C8# Project

## Liuzhou – 2 projects

- Total Attributable GFA approximately 1,092,000 sqm
- The Moon Mansion
  - Fortunes Season

## Chengdu – 5 projects

- Total Attributable GFA approximately 1,058,000 sqm
- The Vision of the World
  - Chengdu Cosmos
  - Chengdu Sky Villa
  - Yunshang Retreat
  - The Jadeite

## Nanning – 7 projects

- Total Attributable GFA approximately 899,000 sqm
- The Core of Center
  - International Finance Place
  - Top of World
  - Fragrant Season
  - Impression Discovery Bay I
  - Impression Discovery Bay II
  - Emerald City

## Hainan – 4 projects

- Total Attributable GFA approximately 550,000 sqm
- Pearl Coast
  - Villa Como
  - Egrei Bay
  - Hainan Wenchang Changsa Project

## Kunming – 3 projects

- Total Attributable GFA approximately 413,000 sqm
- Salar de Uyuni
  - Salar de Uyuni Guan Lake (Phase 2 – #17-28) (formerly known as Kunming Zhaotong Project #17-28)
  - Salar de Uyuni Guan Lake (Phase 1 – #17-29) (formerly known as Kunming Zhaotong Project #17-29)

## Chongqing – 6 projects

- Total Attributable GFA approximately 313,000 sqm
- The Riviera Chongqing
  - The Cosmos Chongqing
  - The Moon Mansion
  - Splendid City
  - Mansion of Jasper
  - Jade Moon Villa

## Wuzhou – 1 project

- Total Attributable GFA approximately 256,000 sqm
- KWG Tusholdings Ice Snow

## Wuhan – 3 projects

- Total Attributable GFA approximately 228,000 sqm
- Joyful Season
  - The Buttonwood Season I
  - The Buttonwood Season II

## Meishan – 2 projects

- Total Attributable GFA approximately 111,000 sqm
- Meishan Apex
  - River State

## Chenzhou – 1 project

- Total Attributable GFA approximately 72,000 sqm
- Chenzhou Wangxian Eco-tourism Project

## Xi'an – 1 project

- Total Attributable GFA approximately 34,000 sqm
- Meet

# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	4	<b>12,973,848</b>	12,936,028
Cost of sales		(9,074,104)	(8,757,762)
Gross profit		<b>3,899,744</b>	4,178,266
Other income and gains, net	4	<b>885,433</b>	1,219,163
Selling and marketing expenses		(782,853)	(418,806)
Administrative expenses		(888,236)	(715,725)
Other operating expenses, net		—	(664)
Fair value (losses)/gains on investment properties, net		(60,118)	352,174
Finance costs	5	(762,747)	(546,299)
Share of profits and losses of:			
Associates		278,032	65,505
Joint ventures		1,224,034	1,064,074
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	6	<b>3,793,289</b>	5,197,688
Income tax expenses	7	(939,840)	(1,662,050)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>2,853,449</b>	3,535,638
<b>DISCONTINUED OPERATION</b>			
Profit for the period from a discontinued operation	8	—	124,477
Profit for the period		<b>2,853,449</b>	3,660,115
Attributable to:			
Owners of the Company		2,752,572	3,515,813
Non-controlling interests		100,877	144,302
		<b>2,853,449</b>	3,660,115
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	10		
<b>Basic</b>			
— For profit for the period		<b>RMB86.6 cents</b>	RMB110.7 cents
— For profit from continuing operations		<b>RMB86.6 cents</b>	RMB106.8 cents
<b>Diluted</b>			
— For profit for the period		<b>RMB86.5 cents</b>	RMB110.6 cents
— For profit from continuing operations		<b>RMB86.5 cents</b>	RMB106.7 cents

## Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
<b>PROFIT FOR THE PERIOD</b>	<b>2,853,449</b>	3,660,115
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	<b>170,196</b>	(395,229)
Share of exchange differences on translation of joint ventures	<b>13,771</b>	(25,872)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<b>183,967</b>	(421,101)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	<b>149,326</b>	(201,841)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<b>149,326</b>	(201,841)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>333,293</b>	(622,942)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3,186,742</b>	3,037,173
Attributable to:		
Owners of the Company	<b>3,085,865</b>	2,892,871
Non-controlling interests	<b>100,877</b>	144,302
	<b>3,186,742</b>	3,037,173

## Condensed Consolidated Statement of Financial Position

	Notes	As at	
		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	8,467,731	7,780,054
Investment properties		28,118,830	29,320,849
Land use rights		2,651,489	2,651,855
Interests in associates		9,834,368	5,338,823
Interests in joint ventures		45,408,015	46,872,043
Deferred tax assets		2,796,471	2,432,853
Total non-current assets		97,276,904	94,396,477
<b>CURRENT ASSETS</b>			
Properties under development		64,251,670	65,613,320
Completed properties held for sale		16,382,515	15,000,367
Trade receivables	12	2,374,987	1,914,579
Prepayments, other receivables and other assets		14,469,052	9,814,732
Due from a joint venture		30,004	30,004
Tax recoverables		1,036,462	848,419
Restricted cash		4,685,050	3,944,716
Cash and cash equivalents		42,614,904	40,635,765
Total current assets		145,844,644	137,801,902
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	12,750,869	13,165,515
Lease liabilities		212,756	209,341
Other payables and accruals		35,205,391	31,746,296
Due to joint ventures		32,020,690	35,207,964
Due to associates		3,415,479	3,244,654
Interest-bearing bank and other borrowings	14	23,500,812	25,255,339
Tax payables		12,705,129	12,284,787
Total current liabilities		119,811,126	121,113,896
<b>NET CURRENT ASSETS</b>		26,033,518	16,688,006
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		123,310,422	111,084,483



## Condensed Consolidated Statement of Financial Position

	Notes	As at	
		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>123,310,422</b>	111,084,483
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		1,308,261	1,567,291
Interest-bearing bank and other borrowings	14	57,292,845	52,605,276
Deferred tax liabilities		2,789,469	2,993,183
Deferred revenue		2,042	2,042
Total non-current liabilities		61,392,617	57,167,792
<b>NET ASSETS</b>		<b>61,917,805</b>	53,916,691
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	15	304,475	304,474
Treasury shares	15	(7)	(1,723)
Reserves		44,454,667	43,232,126
<b>Non-controlling interests</b>		<b>44,759,135</b>	43,534,877
		17,158,670	10,381,814
<b>TOTAL EQUITY</b>		<b>61,917,805</b>	53,916,691

## Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											
	Issued capital	Treasury shares	Share premium account	Reserve funds	Exchange fluctuation reserve	Employee share based compensation reserve	Asset revaluation reserve	Capital reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
At 1 January 2020	304,148	(176)	1,670,178	1,986,233	(2,153,100)	34,575	92,578	(343,409)	34,203,731	35,794,758	2,447,833	38,242,591
Profit for the period	—	—	—	—	—	—	—	—	3,515,813	3,515,813	144,302	3,660,115
Other comprehensive loss for the period:												
Exchange differences on translation into presentation currency	—	—	—	—	(597,070)	—	—	—	—	(597,070)	—	(597,070)
Share of exchange differences on translation of joint ventures	—	—	—	—	(25,872)	—	—	—	—	(25,872)	—	(25,872)
Total comprehensive income/(loss) for the period	—	—	—	—	(622,942)	—	—	—	3,515,813	2,892,871	144,302	3,037,173
Share-based compensation expenses	—	—	—	—	—	9,228	—	—	—	9,228	—	9,228
Share option exercised	17	—	2,260	—	—	(411)	—	—	—	1,866	—	1,866
Vested awarded shares transferred to employees	—	174	19,251	—	—	(19,425)	—	—	—	—	—	—
Transfer to reserves	—	—	—	206,556	—	—	—	—	(206,556)	—	—	—
Final 2019 dividend declared	—	—	(1,334,235)	—	—	—	—	—	—	(1,334,235)	—	(1,334,235)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	(255)	—	(255)	(1,745)	(2,000)
Changes in equity interests in subsidiaries without change of control	—	—	—	—	—	—	—	1,318,220	—	1,318,220	3,112,489	4,430,709
Contribution from the non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	1,026,206	1,026,206
At 30 June 2020	304,165	(2)	357,454	2,192,789	(2,776,042)	23,967	92,578	974,556	37,512,988	38,682,453	6,729,085	45,411,538
At 1 January 2021	304,474	(1,723)	—	2,801,826	484,804	33,830	92,578	1,028,994	38,790,094	43,534,877	10,381,814	53,916,691
Profit for the period	—	—	—	—	—	—	—	—	2,752,572	2,752,572	100,877	2,853,449
Other comprehensive income for the period:												
Exchange differences on translation into presentation currency	—	—	—	—	319,522	—	—	—	—	319,522	—	319,522
Share of exchange differences on translation of joint ventures	—	—	—	—	13,771	—	—	—	—	13,771	—	13,771
Total comprehensive income for the period	—	—	—	—	333,293	—	—	—	2,752,572	3,085,865	100,877	3,186,742
Share-based compensation expenses	—	—	—	—	—	5,779	—	—	—	5,779	—	5,779
Share option exercised	16	—	2,173	—	—	(407)	—	—	—	1,782	—	1,782
Vested awarded shares transferred to employees	—	202	22,702	—	—	(22,904)	—	—	—	—	—	—
Transfer to reserves	—	—	—	159,958	—	—	—	—	(159,958)	—	—	—
Final 2020 dividend declared	—	—	—	—	—	—	—	—	(1,685,677)	(1,685,677)	—	(1,685,677)
Acquisition of a subsidiary (note 16)	—	—	—	—	—	—	—	—	—	—	929,511	929,511
Acquisition of non-controlling interests	—	—	—	—	—	—	—	(185,843)	—	(185,843)	(1,366,891)	(1,552,734)
Changes in equity interests in subsidiaries without change of control	—	—	—	—	—	—	—	2,352	—	2,352	1,247,369	1,249,721
Cancellation of shares	(15)	1,514	(1,499)	—	—	—	—	—	—	—	—	—
Contribution from the non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	5,864,018	5,864,018
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	1,972	1,972
At 30 June 2021	304,475	(7)	23,376*	2,961,784*	818,097*	16,298*	92,578*	845,503*	39,697,031*	44,759,135	17,158,670	61,917,805

\* These reserve accounts comprise the consolidated reserves of approximately RMB44,454,667,000 (31 December 2020: approximately RMB43,232,126,000) in the condensed consolidated statement of financial position.

## Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax			
From continuing operations		3,793,289	5,197,688
From a discontinued operation		—	166,433
Adjustments for:			
Finance costs		762,747	546,461
Foreign exchange gains		(59,391)	(239,245)
Share of profits and losses of joint ventures		(1,224,034)	(1,064,074)
Share of profits and losses of associates		(278,032)	(66,439)
Share based compensation expenses		5,779	9,228
Interest income		(289,658)	(386,942)
Loss on disposal of items of property, plant and equipment		4,496	11
Depreciation		144,674	131,270
Amortisation of land use rights	6	18,496	5,692
Changes in fair values of investment properties, net		60,118	(352,174)
Loss on acquisition of a subsidiary	16	21,833	—
Gain on disposal of subsidiaries		(13,249)	—
Cash flows from operations before changes in working capital		2,947,068	3,947,909
Changes in working capital		41,286	(950,737)
Cash generated from operations		2,988,354	2,997,172
Interest received		289,658	386,942
Income tax paid		(1,180,850)	(1,300,663)
Net cash flows generated from operating activities		2,097,162	2,083,451

## Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
Net cash flows generated from operating activities		2,097,162	2,083,451
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(645,899)	(406,608)
Purchases of items of investment properties		(222,252)	—
Proceeds from disposal of items of property, plant and equipment		709	486
Investments in and amounts with joint ventures		(819,785)	(6,067,271)
Investments in associates		(4,606,000)	(4,900)
Repayment from associates		596,377	719,713
Acquisition of a subsidiary	16	48,193	(8,000)
Disposal of subsidiaries		(41,431)	—
Disposal of a joint venture		—	333,885
Dividend received from joint ventures		143,529	993,777
Net cash flows used in investing activities		(5,546,559)	(4,438,918)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Contribution from the non-controlling shareholders of subsidiaries		5,864,018	1,026,206
Net proceeds from senior notes		3,082,440	1,818,968
Net proceeds from/(repayment to) bank and other borrowings		252,237	(4,108,719)
Acquisition of non-controlling interests		(1,552,734)	(2,000)
Changes in equity interests in subsidiaries without change of control		1,249,721	4,430,709
Share option exercised		1,782	1,866
Interest paid		(2,183,013)	(2,667,539)
Dividend paid		(1,271,220)	(1,020,309)
Net cash flows generated from/(used in) financing activities		5,443,231	(520,818)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		40,635,765	51,377,864
Effect of foreign exchange rate changes, net		(14,695)	104,144
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>42,614,904</b>	<b>48,605,723</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		25,540,904	28,838,893
Non-pledged time deposits with original maturity of less than three months when acquired		17,074,000	19,766,830
Cash and cash equivalents		42,614,904	48,605,723

## Notes to Condensed Consolidated Interim Financial Information

### 1. Corporate Information

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

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

- Property development
- Property investment
- Hotel operation

The discontinued operation of the Group was involved in the provision of property management services through KWG Living Group Holdings Limited (“KWG Living”), which was spun off by the Group for separate listing on the Main Board of the Stock Exchange of Hong Kong Limited on 30 October 2020.

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

The unaudited condensed consolidated interim financial information was reviewed by the audit committee of the Company and approved by the board of directors of the Company (the “Board”) for issue on 27 August 2021.

### 2. Basis of Preparation

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

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, HKASs and Interpretations).

### 3. Changes to the Group’s Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (early adopted)

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

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

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

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
<b>Revenue:</b>		
Revenue from contracts with customers		
Sale of properties	<b>12,188,806</b>	12,449,085
Hotel operation income	<b>339,966</b>	134,824
Revenue from other sources		
Gross rental income	<b>445,076</b>	352,119
	<b>12,973,848</b>	12,936,028
<b>Other income and gains, net:</b>		
Interest income	<b>289,658</b>	385,783
Project management fee income	<b>447,071</b>	188,979
Others	<b>148,704</b>	644,401
	<b>885,433</b>	1,219,163

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

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

Upon the spin-off of KWG Living on 30 October 2020, which was previously the reportable segment of property management, the Group has the remaining three reportable segments of property development, property investment and hotel operation.



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

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

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

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

The Group's revenue from contracts with customers for the six months ended 30 June 2021 as follows:

	<b>Property development RMB'000 (Unaudited)</b>	<b>Hotel operation RMB'000 (Unaudited)</b>	<b>Total continuing operations RMB'000 (Unaudited)</b>
<i>Type of revenue recognition:</i>			
Sales of properties	12,188,806	—	12,188,806
Provision of services	—	339,966	339,966
<b>Total revenue from contracts with customers</b>	<b>12,188,806</b>	<b>339,966</b>	<b>12,528,772</b>
<i>Timing of revenue recognition:</i>			
Recognised at a point in time	9,678,068	—	9,678,068
Recognised over time	2,510,738	339,966	2,850,704
<b>Total revenue from contracts with customers</b>	<b>12,188,806</b>	<b>339,966</b>	<b>12,528,772</b>

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

The Group's revenue from contracts with customers for the six months ended 30 June 2020 (restated) as follows:

	Property development RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Total continuing operations RMB'000 (Unaudited)
<i>Type of revenue recognition:</i>			
Sales of properties	12,449,085	—	12,449,085
Provision of services	—	134,824	134,824
<b>Total revenue from contracts with customers</b>	<b>12,449,085</b>	<b>134,824</b>	<b>12,583,909</b>
<i>Timing of revenue recognition:</i>			
Recognised at a point in time	10,798,139	—	10,798,139
Recognised over time	1,650,946	134,824	1,785,770
<b>Total revenue from contracts with customers</b>	<b>12,449,085</b>	<b>134,824</b>	<b>12,583,909</b>

The segment results for the six months ended 30 June 2021 are as follows:

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

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

The segment results for the six months ended 30 June 2020 (restated) are as follows:

	Property development (Note) RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Total continuing operations RMB'000 (Unaudited)
<b>Segment revenue:</b>				
Sales to external customers and revenue from continuing operations	12,449,085	352,119	134,824	12,936,028
<b>Segment results</b>	4,611,500	652,034	1,553	5,265,087
<i>Reconciliation:</i>				
Interest income and unallocated income				1,219,163
Unallocated expenses				(740,263)
Finance costs				(546,299)
Profit before tax				5,197,688
Income tax expenses				(1,662,050)
Profit for the period from continuing operations				3,535,638

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

#### 5. Finance Costs

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
Interest on bank and other borrowings	2,612,076	2,949,687
Interest on lease liabilities	46,898	57,112
Less: Interest capitalised	(1,896,227)	(2,460,500)
	762,747	546,299

## 6. Profit Before Tax

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Cost of properties sold	8,871,602	8,625,982
Less: Government grant released	(84)	(9)
	<b>8,871,518</b>	8,625,973
Depreciation	144,674	127,920
Amortisation of land use rights	43,503	17,182
Less: Amount capitalised in assets under construction	(25,007)	(11,490)
	<b>18,496</b>	5,692
Loss/(gain) on disposal of items of property, plant and equipment	4,496	(60)
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	726,093	630,746
Share based compensation expenses	5,435	8,622
Pension scheme contributions (defined benefit plans)	34,391	6,317
	<b>765,919</b>	645,685
Less: Amount capitalised in assets under construction, properties under development and investment properties under development	(293,012)	(271,353)
	<b>472,907</b>	374,332

## 7. Income Tax Expenses

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
		(Restated)
Current – in the People's Republic of China ("PRC")		
Corporate income tax ("CIT")	930,925	1,050,790
Land appreciation tax ("LAT")	577,084	800,883
	<b>1,508,009</b>	1,851,673
Deferred	(568,169)	(189,623)
Total tax charge for the period from continuing operations	<b>939,840</b>	1,662,050

## 7. Income Tax Expenses (Continued)

For the six months ended 30 June 2021, the share of CIT expense and LAT expense attributable to the joint ventures amounting to approximately RMB399,026,000 (2020: approximately RMB464,007,000) and approximately RMB217,255,000 (2020: approximately RMB423,615,000), respectively, are included in “Share of profits and losses of joint ventures” in the unaudited condensed consolidated statement of profit or loss.

For the six months ended 30 June 2021, the share of CIT expense and LAT expense attributable to the associates amounting to approximately RMB92,677,000 (2020: approximately RMB22,146,000) and approximately RMB68,491,000 (2020: LAT credit of approximately RMB13,770,000) are included in “Share of profits and losses of the associates” in the unaudited condensed consolidated statement of profit or loss.

### Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2021 and 2020.

### PRC CIT

PRC CIT in respect of operations in the PRC have been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2021 and 2020, based on existing legislation, interpretations and practices in respect thereof.

### PRC LAT

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

## 8. Discontinued Operation

On 7 October 2020, the Company announced the decision of its board of directors in relation to the conditional special dividend to be satisfied by way of a distribution in specie (the “Distribution”) of an aggregate of 1,589,025,505 shares of KWG Living, the Company’s then non-wholly-owned subsidiary, to the Company’s shareholders (the “Qualifying KWG Shareholders”), subject to the completion of the spin-off and separate listing of KWG Living on the Main Board of The Stock Exchange of Hong Kong Limited. On 30 October 2020 (the “Distribution Date”), in connection with the listing of KWG Living, all the issued share capital of KWG Living held by the Company was distributed to the Qualifying KWG Shareholders. Since then, the Company did not retain any interest in the issued share capital of KWG Living and KWG Living became a fellow subsidiary of the Company.

KWG Living and its subsidiaries (collectively KWG Living Group) are engaged in providing property management services. In accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the operating results of KWG Living Group before the spin-off have been presented as a discontinued operation in the consolidated statement of profit or loss since it represented a separate major line of business. The comparative figures for the condensed consolidated interim financial information have been re-presented as if the operation discontinued during the last year had been discontinued at the beginning of the comparative period.

## 8. Discontinued Operation (Continued)

The results of KWG Living Group for the period, which are only from transactions with counterparties external to the Group and do not necessarily represent the activities of the operation as individual entities, are presented below:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue	—	547,155
Expenses	—	(380,560)
Finance costs	—	(162)
Profit before tax from the discontinued operation	—	166,433
Income tax	—	(41,956)
Profit for the period from the discontinued operation	—	124,477

The net cash flows incurred by KWG Living Group are as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Operating activities	—	77,213
Investing activities	—	(155,518)
Financing activities	—	129,637
Net cash inflow	—	51,332
<b>Earnings per share:</b>		
Basic, from the discontinued operation	—	RMB3.9 cents
Diluted, from the discontinued operation	—	RMB3.9 cents

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
Profit attributable to owners of the Company from the discontinued operation	—	RMB124,007,000
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (note 10)	—	3,176,279,425
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 10)	—	3,180,175,629



## 9. Dividends

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interim dividend of RMB37 cents (2020: RMB40 cents) per ordinary share	1,176,793	1,271,220

Subsequent to the end of the reporting period, the Board declared the payment of an interim dividend of approximately RMB1,176,793,000 (2020: approximately RMB1,271,220,000) representing RMB37 cents (2020: RMB40 cents) per share, based on the number of shares in issue as at 30 June 2021, in respect of the six months ended 30 June 2021. The interim dividend for the period shall be made out of the reserves of the Company.

## 10. Earnings Per Share Attributable to Owners of the Company

The calculation of the basic earnings per share amounts for the six months ended 30 June 2021 is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 3,179,691,668 (2020: 3,176,279,425) in issue during the period.

For the six months ended 30 June 2021, the calculation of the diluted earnings per share amounts is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation of 3,179,691,668 (2020: 3,176,279,425) plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares of 2,669,074 (2020: 3,896,204).

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
<b>Earnings</b>		
Profit attributable to owners of the Company:		
From continuing operations	2,752,572	3,391,806
From a discontinued operation	—	124,007
	Number of shares	
	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	3,179,691,668	3,176,279,425
Effect of dilution – share options	33,522	18,220
Effect of dilution – awarded shares	2,635,552	3,877,984
Weighted average number of ordinary shares used in diluted earnings per share calculation	3,182,360,742	3,180,175,629

## 11. Property, Plant and Equipment

During the six months ended 30 June 2021, the Group had additions of property, plant and equipment at a total cost of approximately RMB915,884,000 (2020: approximately RMB499,237,000).

## 12. Trade Receivables

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

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 3 months	2,145,045	1,139,192
7 to 12 months	76,066	433,279
Over 1 year	153,876	342,108
	<b>2,374,987</b>	<b>1,914,579</b>

## 13. Trade and Bills Payables

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

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year	12,750,869	13,165,515

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

## 14. Interest-bearing Bank and Other Borrowings

	As at 30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>Current</b>		
Bank and other loans (c)		
– secured	1,791,655	1,805,244
– unsecured	707,000	1,127,000
– denominated in HK\$, secured	1,096,000	1,468,060
– denominated in US\$, secured	1,379,570	913,076
– denominated in US\$, unsecured	644,876	–
Current portion of long-term bank loans (c)		
– secured	2,004,226	1,584,843
– unsecured	660,286	364,904
– denominated in HK\$, secured	–	181,341
– denominated in US\$, secured	–	87,038
Senior notes – denominated in US\$, secured (a)	4,509,321	2,277,680
Domestic corporate bonds – unsecured (b)	10,707,878	15,446,153
	<b>23,500,812</b>	<b>25,255,339</b>
<b>Non-current</b>		
Bank and other loans (c)		
– secured	23,245,815	20,761,855
– unsecured	2,710,674	1,749,376
– denominated in HK\$, secured	1,083,014	639,226
– denominated in US\$, secured	830,426	308,198
– denominated in US\$, unsecured	–	652,270
Senior notes – denominated in US\$, secured (a)	24,374,249	23,795,517
Domestic corporate bonds – unsecured (b)	5,048,667	4,698,834
	<b>57,292,845</b>	<b>52,605,276</b>
	<b>80,793,657</b>	<b>77,860,615</b>

- (i) Certain items of the Group's borrowings are secured by buildings, land use rights, investment properties, properties under development, completed properties held for sale and time deposits of the Group with total carrying values of approximately RMB32,472,255,000 as at 30 June 2021 (31 December 2020: approximately RMB27,838,246,000).
- (ii) As at 30 June 2021 and 31 December 2020, the equity interests of certain subsidiaries of the Group were pledged to certain banks for the loans granted to the Group.
- (iii) As at 30 June 2021 and 31 December 2020, the senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their equity interests.

Except for the above mentioned borrowings denominated in HK\$ and US\$, all borrowings were denominated in RMB as at 30 June 2021 and 31 December 2020. All of the Group's bank loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB7,455,635,000 (31 December 2020: approximately RMB5,423,499,000), which were charged at fixed interest rate as at 30 June 2021. The Group's senior notes and domestic corporate bonds were charged at fixed interest rates as at 30 June 2021 and 31 December 2020.

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

Notes:

- (a) On 11 January 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US\$250,000,000 (equivalent to approximately RMB1,733,113,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 11 January 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 11 January and 11 July of each year, commencing on 11 July 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 29 December 2016, 30 December 2016 and 11 January 2017.

On 15 March 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,772,980,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year, commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 9 March 2017, 10 March 2017 and 16 March 2017.

On 29 March 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US\$100,000,000 (equivalent to approximately RMB672,638,000) (to be consolidated and form a single series with the US\$400,000,000 6.00% senior notes due 2022 issued on 15 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017 and 29 March 2017.

On 21 September 2017, the Company issued 5.20% senior notes with an aggregate principal amount of US\$250,000,000 (equivalent to approximately RMB1,646,675,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 21 September 2022. The senior notes carry interest at a rate of 5.20% per annum, which is payable semi-annually in arrears on 21 March and 21 September of each year, commencing on 21 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 18 September 2017, 19 September 2017, and 22 September 2017.

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

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

Notes: (Continued)

(a) (Continued)

On 7 December 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US\$150,000,000 (equivalent to approximately RMB992,925,000) (to be consolidated and form a single series with the US\$400,000,000 6.00% senior notes due 2022 issued on 15 March 2017, and the US\$100,000,000 6.00% senior notes due 2022 issued on 29 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017, 29 March 2017, 1 December 2017 and 7 December 2017.

On 9 August 2018, the Company issued 7.875% senior notes with an aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,391,095,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 9 August 2021. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 9 February and 9 August of each year commencing on 9 February 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 31 July 2018, 1 August 2018, and 9 August 2018.

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

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

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

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

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

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

Notes: (Continued)

(a) (Continued)

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

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

On 4 January 2021, the Company issued 4.375% senior notes with an aggregate principal amount of US\$100,000,000 (equivalent to approximately RMB654,080,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 29 December 2021. The senior notes carry interest at a rate of 4.375% per annum, which is payable semi-annually in arrears on 6 July and 29 December of each year commencing on 6 July 2021.

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

(b) (i) On 17 December 2015, Guangzhou Hejing Holdings Group Limited ("Guangzhou Hejing"), a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB3,300,000,000.

The domestic corporate bonds consist of two types, of which the first type has a term of six years and bears a coupon rate at 4.94% per annum which was adjusted to 7.0% per annum with the issuer's option to raise the coupon rate after the end of the third year or the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 1 Bonds"), and the second type has a term of seven years and bears a coupon rate at 6.15% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 2 Bonds").

The aggregate principal amount for the Type 1 Bonds issued was RMB2,500,000,000 and the aggregate principal amount for the Type 2 Bonds issued was RMB800,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 15 December 2015 and 16 December 2015.



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

Notes: (Continued)

- (b) (ii) On 28 March 2016, Guangzhou Tianjian Real Estate Development Limited ("Guangzhou Tianjian"), a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,200,000,000.

The domestic corporate bonds consist of two types, of which the first type has a term of six years and bears a coupon rate at 3.90% per annum which was adjusted to 7.0% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 3 Bonds"), and the second type has a term of ten years and bears a coupon rate at 4.80% per annum which was adjusted to 6.6% per annum with the issuer's option to adjust the coupon rate after the end of the fifth year, the seventh year or the ninth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 4 Bonds").

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

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

- (b) (iii) On 26 April 2016, Guangzhou Tianjian issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB6,500,000,000.

The domestic corporate bonds consist of two types, of which the first type has a term of seven years and bears a coupon rate at 5.60% per annum with the issuer's option to raise the coupon rate after the end of the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 5 Bonds"), and the second type has a term of seven years and bears a coupon rate at 5.80% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 6 Bonds").

The aggregate principal amount for the Type 5 Bonds issued was RMB1,000,000,000 and the aggregate principal amount for the Type 6 Bonds issued was RMB5,500,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 7 April 2016 and 26 April 2016.

On 22 April 2020, Guangzhou Tianjian redeemed the Type 5 Bonds.

On 31 May 2021, Guangzhou Tianjian redeemed the Type 6 Bonds.

- (b) (iv) On 21 July 2016, the Company issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,000,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 4.85% per annum which was adjusted to 6.85% per annum with the issuer's option to adjust the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors can exercise retractable option.

For further details of the domestic corporate bonds, please refer to the related announcement of the Company dated 21 July 2016.

- (b) (v) On 28 July 2016, the Company issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,300,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 4.95% per annum which was adjusted to 6.95% per annum with the issuer's option to adjust the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investor can exercise a retractable option.

For further details of the domestic corporate bonds, please refer to the related announcement of the Company dated 28 July 2016.

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

Notes: (Continued)

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

The domestic corporate bonds consist of three types, of which the first type has a term of seven years and bears a coupon rate at 5.6% per annum which was adjusted to 7.10% per annum with the issuer's option to adjust the coupon rate after the end of the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 7 Bonds"), and the second type has a term of seven years and bears a coupon rate at 5.7% per annum which was adjusted to 6.5% per annum with the issuer's option to adjust the coupon rate after the end of the fourth and a half year or the fifth and a half year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 8 Bonds"), and the third type has a term of seven years and bears a coupon rate at 5.8% per annum with the issuer's option to adjust the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 9 Bonds").

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

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

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

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

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

The domestic corporate bonds have a term of three years and bear a coupon rate at 5.6% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

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

The domestic corporate bonds have a term of five years and bear a coupon rate at 6% per annum with the issuer's option to adjust the coupon rate after the end of the second year or the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

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

Notes: (Continued)

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

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

- (c) The bank loans carry interests at prevailing market rates ranging from 0.85% to 10.00% per annum as at 30 June 2021 (31 December 2020: 2.58% to 11.00% per annum).
- (d) The Group has established a contemplated strategy to repurchase and sell its own domestic corporate bonds and senior notes (collectively the "Bonds"), from time to time, in the open market, for the purposes of managing its overall leverage and reducing the Group's overall borrowing costs. During the six months ended 30 June 2021, the Group repurchased, redeemed and sold the Bonds with the aggregate principal amounts of approximately RMB4,887,627,000, RMB9,269,448,000 and RMB12,845,067,000, respectively. As at 30 June 2021, the aggregate principal amount of the Bonds included in interest-bearing bank and other borrowings was RMB44,826,509,000 (31 December 2020: RMB46,436,729,000).

## 15. Share Capital

	30 June 2021		As at 31 December 2020	
	No. of shares (Unaudited)	RMB'000 (Unaudited)	No. of shares (Audited)	RMB'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.10 each	8,000,000,000	786,113	8,000,000,000	786,113
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	3,180,522,853	304,475	3,180,505,853	304,474

## 15. Share Capital (Continued)

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

	Number of shares in issue (Unaudited)	Issued capital RMB'000 (Unaudited)	Treasury Shares RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2021	3,180,505,853	304,474	(1,723)	—	302,751
Cancellation of shares	(174,000)	(15)	1,514	(1,499)	—
Vested awarded shares transferred to employees	—	—	202	22,702	22,904
Share option exercised	191,000	16	—	2,173	2,189
At 30 June 2021	3,180,522,853	304,475	(7)	23,376	327,844

	Number of shares in issue (Unaudited)	Issued capital RMB'000 (Unaudited)	Treasury Shares RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2020	3,176,749,463	304,148	(176)	1,670,178	1,974,150
Final dividend declared during the period	—	—	—	(1,334,235)	(1,334,235)
Vested awarded shares transferred to employees	—	—	174	19,251	19,425
Share option exercised	184,000	17	—	2,260	2,277
At 30 June 2020	3,176,933,463	304,165	(2)	357,454	661,617

## 16. Note to the Consolidated Statement of Cash Flow

### Acquisition of a subsidiary

Before 14 January 2021, the Group held 49% equity interests in Hangzhou Taixin Enterprise Management Limited ("Hangzhou Taixin")<sup>#</sup> and accounted for Hangzhou Taixin as a joint venture of the Group. Hangzhou Taixin is principally engaged in property development. On 14 January 2021, the shareholders agreed to amend the articles of association and cooperation agreement, pursuant to which, (a) the main resolutions of the board of shareholders were irrevocably authorised to the board of directors unless both shareholders agree to change or terminate such authorisation through written document; and (b) the number of directors of the Group in Hangzhou Taixin was changed from one to three and the resolutions of the board of directors should be approved by not less than three-fourths of the directors of Hangzhou Taixin. The Group obtained control over Hangzhou Taixin through three of four seats in the board of directors of Hangzhou Taixin and accounted for Hangzhou Taixin as a subsidiary of the Group since then.

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

	Fair value recognised on acquisition RMB'000
Deferred tax assets	3,368
Property, plant and equipment	174
Completed properties held for sale	19,000
Prepayments, other receivables and other assets	1,884,996
Tax recoverables	94,782
Cash and cash equivalents	48,193
Other payables and accruals	(160,635)
Trade payables	(67,308)
<b>Total identifiable net assets at fair value</b>	<b>1,822,570</b>
Non-controlling interests	(929,511)
Loss on remeasurement of the pre-existing interest in a joint venture recognised in other income and gains in the condensed consolidated statement of profit or loss	21,833
	<b>914,892</b>
Satisfied by	
Equity interest in Hangzhou Taixin held by the Group prior to the acquisition	914,892

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

	RMB'000
Cash and cash equivalents acquired	48,193
<b>Net inflow of cash and cash equivalents included in cash flows from investing activities</b>	<b>48,193</b>

Since the acquisition, Hangzhou Taixin contributed no revenue but loss of approximately RMB4,625,000 to the Group.

Had the combination taken place at the beginning of the period, the revenue and the profit of the Group for the period ended 30 June 2021 would have been approximately RMB12,973,848,000 and RMB2,853,449,000.

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

## 17. Contingent Liabilities

- (i) As at 30 June 2021, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties amounting to approximately RMB21,056,973,000 (31 December 2020: approximately RMB20,271,662,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled, but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considered that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial information as at 30 June 2021 and 31 December 2020 for the guarantees.

- (ii) As at 30 June 2021, the Group had provided guarantees in respect of certain bank loans of approximately RMB26,903,215,000 (31 December 2020: approximately RMB32,939,744,000) for its joint ventures and associates.

## 18. Commitments

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

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Contracted, but not provided for:		
Property, plant and equipment	650,987	724,360
Properties being developed by the Group for sale	7,116,345	8,303,602
Investment properties	392,281	464,421
	<b>8,159,613</b>	9,492,383

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

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Contracted, but not provided for	4,155,966	5,816,841



## 19. Related Party Transactions

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

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Short term employee benefits	15,873	17,175
Post-employment benefits	299	110
Share based compensation expenses	1,524	2,695
<b>Total compensation paid to key management personnel</b>	<b>17,696</b>	<b>19,980</b>

### (ii) Outstanding balances with related parties:

	As at	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Included in interests in joint ventures: Advances to joint ventures	20,451,828	22,110,232
Included in interests in associates: Advances to associates	1,020,563	1,409,050
Included in prepayments, other receivables and other assets: Due from KWG Living	194,440	194,440
Included in trade and bills payables: Due to subsidiaries of KWG Living	286,752	266,093
Included in current assets: Due from a joint venture	30,004	30,004
Included in current liabilities: Due to associates	3,415,479	3,244,654
Due to joint ventures	32,020,690	35,207,964

As at 30 June 2021, except for certain advances to joint ventures with an aggregate amount of approximately RMB3,804,335,000 (31 December 2020: approximately RMB4,371,565,000), which are interest-bearing at rates ranging from 6.0% to 12.0% (31 December 2020: 6.0% to 15.0%) per annum, the advances to joint ventures as shown above are unsecured, interest-free and not repayable within 12 months.

As at 30 June 2021, except for certain advances to associates with an aggregate amounts of approximately RMB283,725,000 (31 December 2020: approximately RMB582,103,000), which are interest-bearing at rates ranging from 4.4% to 11.0% (31 December 2020: 4.4% to 11.0%) per annum, the advances to associates as shown above are unsecured, interest-free and not repayable within 12 months.

As at 30 June 2021 and 31 December 2020, the balances with the joint ventures and associates included in the Group's current assets and current liabilities are unsecured, interest-free and have no fixed term of repayment.

## 19. Related Party Transactions (Continued)

- (iii) During the six months ended 30 June 2021, the Group leased some properties to related companies, of which an executive director of the Company is the ultimate beneficial owner, for a total cash consideration of approximately RMB17,872,000 (2020: approximately RMB13,083,000), which was recognised as rental income of the Group. The rental income was determined at rates mutually agreed between the Group and the executive director.
- (iv) KWG Living Group became a related party of the Company since its listing of the ordinary shares of KWG Living on the Main Board of The Stock Exchange of Hong Kong Limited on 30 October 2020 and the aggregate amounts set out below with KWG Living Group are for the transactions involved during the six months ended 30 June 2021.

	RMB'000
<b>Rental income from KWG Living Group</b>	
Property Lease:	
Properties	688
Car parking lots	4,852
	5,540
<b>Service fees to KWG Living Group</b>	
Residential Property Management Services:	
Residential pre-sale management services	110,489
Residential property management services	46,600
	157,089
Property Agency Services	225,325
Commercial Property Management Services:	
Commercial pre-sale management services	5,513
Commercial property management services	64,013
	69,526
Commercial Operational and Value-added Services:	
Commercial operational services	47,893
Commercial value-added services	5,979
	53,872

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

- (v) During the six months ended 30 June 2021, the Group provided project management services to certain joint ventures and associates of the Group for a total cash consideration of approximately RMB447,071,000 (2020: approximately RMB188,979,000), which was recognised as other income of the Group. The project management fee income was determined at rates mutually agreed between the Group and the joint ventures and associates.
- (vi) During the six months ended 30 June 2021, the Group provided advances to certain joint ventures and associates at the interest rates ranging from 4.4% to 12.0% (2020: 4.4% to 12.0%) per annum. The interest income of approximately RMB128,394,000 (2020: approximately RMB137,305,000) was recognised as other income of the Group, which was determined at rates mutually agreed between the Group and the joint ventures and associates.

## 19. Related Party Transactions (Continued)

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

Details of guarantees given by the Group to banks in connection with bank loans granted to its joint ventures and associates are included in note 17(ii) to the unaudited condensed consolidated interim financial information.

## 20. Fair Value and Fair Value Hierarchy of Financial Instruments

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

	<b>Carrying amounts As at 30 June 2021 RMB'000 (Unaudited)</b>	<b>Fair values As at 30 June 2021 RMB'000 (Unaudited)</b>	<b>Carrying amounts As at 31 December 2020 RMB'000 (Audited)</b>	<b>Fair values As at 31 December 2020 RMB'000 (Audited)</b>
Financial liabilities				
Interest-bearing bank and other borrowings	<b>80,793,657</b>	<b>79,201,784</b>	77,860,615	78,879,979

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

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

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

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2021 was assessed to be insignificant.

The Group did not have any financial assets and financial liabilities measured at fair value as at 30 June 2021 and 31 December 2020.

During the six months ended 30 June 2021 and the year ended 31 December 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

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

Liabilities for which fair values are disclosed:

*As at 30 June 2021*

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Interest-bearing bank and other borrowings	—	79,201,784	—	79,201,784

*As at 31 December 2020*

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Interest-bearing bank and other borrowings	—	78,879,979	—	78,879,979

## 21. Subsequent Events

On 30 July 2021, Guangzhou Hejing, a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,000,000,000.

## 22. Comparative Amounts

The comparative unaudited condensed consolidated interim financial information has been re-presented as if the operation discontinued during the year ended 31 December 2020 had been discontinued at the beginning of the six-months ended 30 June 2020 (note 8).

In addition, the presentation of certain items in the unaudited condensed consolidated statement of cash flows for current period has been presented to comply with the accounting policy adopted by the Group for the year ended 31 December 2020 to classify and present cash flows of interest paid in financing activities as further explained in note 2.2 to the financial statements of the Group for the year ended 31 December 2020. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current period's presentation.

## 23. Approval of the Unaudited Condensed Consolidated Interim Financial Information

The unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 27 August 2021.