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KWG GROUP HOLDINGS LIMITED

合景泰富集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**(Stock Code: 1813 and Debt Stock Codes: 5008, 5607,
5811, 40117, 40338, 40465 and 40683)**

PROFIT WARNING

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

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the management and the preliminary assessment of the unaudited management accounts of the Group for the six months ended 30 June 2023 (the “**Period**”), the Group is expected to record a loss attributable to owners of the Company not exceeding RMB9,900 million for the Period, as compared to the profit attributable to owners of the Company of approximately RMB435 million recorded for the corresponding period in 2022. The expected loss was mainly due to the continual unfavourable market conditions in the real estate market of the People’s Republic of China (“**China**”), resulting in (i) the decrease in sales of properties and gross profit margin recorded during the Period; (ii) the increase in impairment of property projects during the Period; (iii) the increase in fair value loss on investment properties; and (iv) the increase in finance costs recognized in profit or loss during the Period due to the decrease in the interest capitalisation rate.

Since the second half of 2021, the real estate industry in China has faced unprecedented challenges. Due to the adverse macroeconomic factors, the waves of negative credit events and the limited financing channels of the industry, the liquidity pressure faced by privately-owned developers, including the Group, has increased. The industry-wide difficulties weakened homebuyers' confidence in future economic growth and affected their demands for overall real estate sales in China. As a result of these changes in market conditions, many real estate developers in China experienced a decline in operating and financing cash flows.

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

The Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2023. The information contained in this announcement is only based on the preliminary review made by the management of the Company with reference to the financial information currently available and is not based on any figures or data which have been audited or reviewed by the auditors or the audit committee of the Company, hence subject to possible change and adjustment upon further review. The interim results of the Group for the six months ended 30 June 2023 are expected to be published in late August 2023.

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

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

Hong Kong, 25 August 2023

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