POWERLONG
宝龙地产

寶龍地產控股有限公司
POWERLONG REAL ESTATE HOLDINGS LIMITED
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)
Stock code : 1238

2025 INTERIM REPORT

Contents

Group Introduction

Powerlong Real Estate Holdings Limited (1238.HK) (the "**Company**" or "**Powerlong**") and its subsidiaries (collectively, the "**Group**") are dedicated to developing and operating comprehensive commercial real estate projects. On 14 October 2009, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). On 30 December 2019, Powerlong Commercial Management Holdings Limited (9909.HK) ("**Powerlong CM**"), a subsidiary of the Company, was listed on the Main Board of the Stock Exchange as the first service provider in commercial management and operation on the Stock Exchange that operates based on an asset-light model.

As at 30 June 2025, the Group's commercial projects cover the series of "Powerlong One Mall", "Powerlong City", "Powerlong Plaza" and "Powerlong Land" products, while its residential projects cover various formats including middle and high class commodity housings and villas, complemented by high-standard office buildings, hotel and apartment projects with comprehensive service support. With its diversified and multi-dimensional business scope, Powerlong has been improving the retail supporting facilities and thereby enhancing the quality of local cities. From supporting the urbanization of the People's Republic of China ("**China**" or the "**PRC**") to its integration into the Yangtze River Delta, Powerlong has always followed closely the strategic direction at the PRC's national level and focused on city clusters which enjoy policy support under the PRC's macro strategy and are highly vivid in their economic development. While fulfilling the growing demand for complex real estate in the PRC, Powerlong has created various job opportunities to the society and realized people's demands and dreams for their lives.

The successful development of the Group is attributable to the innovative vision of the Chairman of the Board, Mr. Hoi Kin Hong, who has instilled his insights and visions since the beginning of the Group's corporate development and driven its evolvement along the way. The Group will continue to be committed to being a responsible enterprise and following a path of high-quality development. It will adhere to the corporate mission of "creating space full of love", follow the corporate values of "simple, truthful, prosper together, forward forever", and continue to live up to the corporate philosophy of "honest, modest, innovative and devoted". It will firmly gather the wisdom and power of all fellow folks of Powerlong, with the same goals and paths and embracing difficulties, to contribute to fostering the steady and healthy development and virtuous cycle of the industry, with a view to continually creating further values for the corporation, the society and the country.

Corporate Information

DIRECTORS

Executive Directors

Mr. Hoi Kin Hong *(Chairman of the Board)*
Mr. Hoi Wa Fong *(Chief executive officer)*
Mr. Xiao Qing Ping
Mr. Zhang Hong Feng

Non-executive Director

Ms. Hoi Wa Fan

Independent Non-executive Directors

Mr. Au Yeung Po Fung *(appointed on 1 August 2025)*
Mr. Mei Jian Ping
Mr. Ding Zu Yu
Ms. Liu Xiao Lan

AUDIT COMMITTEE

Mr. Au Yeung Po Fung *(Chairman) (appointed on 1 August 2025)*
Mr. Mei Jian Ping
Mr. Ding Zu Yu
Ms. Liu Xiao Lan

REMUNERATION COMMITTEE

Mr. Mei Jian Ping *(Chairman)*
Mr. Hoi Wa Fong
Mr. Ding Zu Yu
Ms. Liu Xiao Lan

NOMINATION COMMITTEE

Mr. Hoi Kin Hong *(Chairman)*
Mr. Mei Jian Ping
Mr. Ding Zu Yu
Ms. Liu Xiao Lan

JOINT COMPANY SECRETARIES

Ms. Hai Di
Ms. Leung Wai Yan

AUTHORIZED REPRESENTATIVES

Mr. Hoi Wa Fong
Ms. Leung Wai Yan

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Postal Code: 201101

PRINCIPAL SHARE REGISTRAR

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Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
Tai Fung Bank Limited
The Bank of East Asia Limited
China CITIC Bank Corporation Limited
China Construction Bank Corporation
Ping An Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.

AUDITOR

KTC Partners CPA Limited
Certified Public Accountants
Room 1305-07, 13/F
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HONG KONG LEGAL ADVISOR

Sidley Austin

WEBSITE

www.powerlong.com

Management Discussion and Analysis

MARKET REVIEW

Since the beginning of this year, in the face of the complex and volatile international environment, the economic operation of the PRC was generally stable while improving. The high-quality economic development has shown a new and positive trend, demonstrating a strong resilience and endogenous momentum. In the real estate sector, the market was undergoing a stage of intense adjustments. Under the general policy keynote of stabilizing the property market and putting more efforts to reverse the downturn and stabilize the real estate market, local policies have been continuously optimized and upgraded. By integrating with urban renewal initiatives to advance the transformation of urban villages and dilapidated houses, upgraders' needs have been released through multiple channels. Demand-side easing policies were primarily about gradually lifting restrictions on purchases, loans and sales, reducing down payments, lowering home loan interest rates, lowering transaction taxes, cancelling the standards of ordinary housing, cancelling the restrictions of residency in various regions, constantly optimizing absorption of talents, comprehensively optimizing the support for home purchases with provident fund, provision of subsidies for home purchases or housing vouchers and so forth, thereby effectively lowering the barriers and costs of home purchases and fostering the release of demand for home purchases. On enterprises' side, the main theme of policies was still to guard against and resolve risks facing real estate enterprises, to expand the real estate financing coordination mechanism to enhance efficiency, to focus on ensuring timely delivery of products, to increase the loan placement rate and disbursement timeliness for the "white-list" projects, to promote precise support with financial resources for the reasonable financing needs of real estate projects, and to reduce the liquidity pressure of real estate enterprises. By adequately assessing the situation, real estate enterprises focused on "ensuring timely delivery of products and stabilizing operations", discharging corporate responsibilities and contributing to reversing the downturn and stabilizing the real estate market.

BUSINESS REVIEW

For the six months ended 30 June 2025, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operational and residential property management; and (iv) other property development related businesses. During the period under review, property development remained as the main revenue stream of the Group.

Property Development

As a result of the continuous impact of the severe operating environment in the real estate industry, for the six months ended 30 June 2025, the contracted sales of the Group together with its associates and joint ventures amounted to approximately RMB3,723 million (for the six months ended 30 June 2024: RMB7,332 million). For the six months ended 30 June 2025, the contracted sales area of the Group together with its associates and joint ventures amounted to approximately 316,718 square meters (for the six months ended 30 June 2024: 690,941 square meters).

Management Discussion and Analysis

Set forth below is the distribution of contracted sales of the Group for the six months ended 30 June 2025:

Distribution	Sales area sq.m.	Sales amount RMB'000	Average selling price RMB/sq.m.
	For the six months ended 30 June 2025		
Commercial	50,949	633,028	12,425
Residential	265,769	3,089,672	11,625
Total	316,718	3,722,700	11,754

Property Investment and Commercial Operational and Residential Property Management

To generate a stable and recurring income, the Group also retained and operated certain commercial properties for leasing. As at 30 June 2025, the Group had an aggregate gross floor area ("**GFA**") of approximately 8,572,714 square meters (as at 31 December 2024: approximately 8,312,181 square meters) held as investment properties (including completed properties and properties under construction), representing an increase of approximately 3.1% as compared with that as at 31 December 2024.

During the six months ended 30 June 2025, the Group (together with its associates and joint ventures) completed and commenced operation of one new shopping mall, with the successful opening of Wuyishan Powerlong Plaza on 30 May 2025. As at 30 June 2025, the Group held and managed 63 shopping malls and managed 9 asset-light shopping malls, with the number of shopping malls in operation held and the floor area in operation and management both being amongst the forefront of the industry.

Hotel Business

The Group continued to develop its hotel business as a source of its long-term recurring income with core businesses in operating international brand hotels and self-operated brand chain hotels.

As at 30 June 2025, the Group owned seven international brand hotels, namely Le Meridien Shanghai Minhang (上海閔行寶龍艾美酒店), Radisson Blu Shanghai Pudong Jinqiao (上海寶龍麗笙酒店), Radisson Exhibition Center Shanghai (上海國展寶龍麗筠酒店), Hotel W Xiamen (廈門W酒店), Four Points by Sheraton Taicang Suzhou (蘇州太倉寶龍福朋喜來登酒店), Four Points by Sheraton Chengyang Qingdao (青島城陽寶龍福朋喜來登酒店) and Wyndham Grand Plaza Royale Powerlong Fuyang (阜陽寶龍溫德姆至尊豪廷大酒店), and also owned and operated ten self-owned brand chain hotels, namely ARTELS Anxi Quanzhou (泉州安溪寶龍藝築酒店), ARTELS+ Fuyang Hangzhou (杭州富陽藝悦酒店), ARTELS+ Collection Lingang Shanghai (上海臨港藝悦精選酒店), ARTELS+ Collection Hechuan Chongqing (重慶合川藝悦精選酒店), ARTELS+ Wujing Shanghai (上海吳涇藝悦酒店), ARTELS+ Xinxiang (新鄉藝悦酒店), JUNTELS Binjiang Hangzhou (杭州濱江藝珺酒店), ARTELS+ Collection Yancheng (鹽城寶龍藝悦精選酒店), JUNTELS Tai'an (泰安寶龍藝珺酒店) and JUNTELS Pan'an Jinhua (金華磐安寶龍藝珺酒店).

Land Bank

The Group will adhere to the "1+N" development strategy, focusing on the Yangtze River Delta while paying attention to and exploring other premium regions that offer opportunities. In key regional hubs, the Group will strengthen market tracking and research, adhere to more precise and fine-tuned product positioning, and strictly comply with the principle of value investment in acquiring land bank.

As at 30 June 2025, the Group had a quality land bank amounting to a total GFA of approximately 13.87 million square meters, of which approximately 11.63 million square meters were properties under development and construction and approximately 2.24 million square meters were properties held for future development. The land bank under development will be used for the development of large-scale commercial and residential properties with quality residential properties, serviced apartments, office buildings and hotels. As at 30 June 2025, approximately 57% of the Group's land bank was located in the Yangtze River Delta region.

OUTLOOK

It is envisaged that in the second half of 2025, the real estate sector will adopt forceful measures surrounding "stabilizing expectations, activating demand, optimizing supply, and resolving risks" to consolidate the momentum of reversing the downturn and stabilizing the real estate market. Restrictive measures will be adjusted in the future based on city-specific policies, efforts will be stepped up to implement urban renewal action, and the transformation of urban villages and dilapidated houses will be steadily promoted, so as to fully release the potential of rigid and upgraders' housing needs by transforming inventories to activate incremental needs. Adhering to the principle of integration of optimizing incremental housing and revitalizing inventory housing, it is expected that there will be intensified efforts to increase the supply of high-quality housing, improvement and implementation of special bonds to support the acquisition of inventory housing, which will solidify the defensive lines against market risks. By establishing relevant fundamental systems in an orderly manner, it will firmly and vigorously promote the construction of safe, comfortable, green and intelligent "good houses" and optimize and improve the housing supply system, so as to formulate a new model of real estate development. In a new stage where the real estate industry is gradually establishing stable, healthy and high-quality development, the real estate enterprises will continue to adhere to "ensuring timely delivery of products and stabilizing operation", continue to strengthen refined management and control, and make efforts to uplift product strengths and service capability, actively explore new models of development that match their own strengths, and strive to achieve ongoing sound operations and high-quality development.

Faced with the challenges and opportunities presented by intense adjustments in the real estate industry in China, the Group will gather devotions, strengths and perseverance under the development theme of "revitalize to enhance efficiency and stabilize to explore and innovate" (盤活增效，穩進拓新) proposed in mid-2025, with a focus on the key tasks of "revitalize, enhance efficiency, and explore and innovate" (盤活、增效、拓新) for the second half of 2025. In other words, the Group will continue to promote project revitalization and breakthroughs and actively respond to the market to achieve sales targets, and strive for debt alleviation to create space for corporate development; focus on building an elite team and continue to cultivate core assets to activate inefficient areas and focus on quality; actively introduce resources to promote spatial value enhancement, explore brand collaboration and joint development strategies, and explore new development opportunities with the guidance of innovating with ambition and establishing roots overseas. In the adversity of a difficult macro-environment, the Group will always adhere to stable operations, stick to the bottom-line of "ensuring delivery", remain committed to being a responsible enterprise, uphold the principles of quality and accountability, continue to enhance its refined management, reduce costs and enhance efficiency in a scientific manner, so as to win the market with better products and services. The confidence of all staff members, and their cohesion, endurance, and unwavering efforts to tackling difficulties with a strong sense of responsibility and a spirit of perseverance, will continuously drive the sound development of the enterprise and the virtuous cycle of the industry.

The Group will continue to adhere to prudent expansion of its premium land bank and adhere to the "1+N" development strategy, focusing on the Yangtze River Delta while paying attention to and exploring other premium regions that offer opportunities, so as to lay solid foundation for its sustainable and healthy operation and high-quality sustainable development. In key regional hubs, the Group will strengthen market tracking and research, adhere to more precise and fine-tuned product positioning, and strictly comply with the principle of value investment in acquiring land bank.

The Group will continue to integrate and consolidate its advantageous resources and strive to implement its plan of high-quality opening within the year. Powerlong Commercial Management Holdings Limited, a subsidiary of the Group, will take the "Three Major Projects" as its strategic direction for in-depth operations, with the objective of "Quality Enhancement and Delicate Service". With "operational capability-tenant sourcing capability-product capability" as the core, the three capabilities will support each other and work in synergy to jointly build the core competitiveness in the commercial operation field. Surrounding precise positioning, it will comprehensively enhance the brand attractiveness and market influence of the projects and fully exploit the projects and revenue value of each business end. It will construct a tenant sourcing management system, categorize projects for occupancy rate control, improve teamwork and synergy mechanisms, and strategically build a diversified and complex brand matrix, so as to enhance the value of commercial entities and strengthen the effectiveness of tenant sourcing management in an all-round way. Taking talents as the core resources, it will construct the core value of "cultural identity" and focus on building a "highly competent, strong reserve, youthful and sustainable" top-ranking team, so as to develop a strong talent base for the enterprise and create a commercial space that can breathe, with warmth and provide emotional value.

In active response to liquidity pressure, the Group will continue to adopt a series of liquidity management measures, expedite collection of sales proceeds and other receivables, extend the debt maturity of certain borrowings, continually optimize financing structure, lower financing costs, seek to revitalize stock assets, strengthen asset management, uplift occupancy rate and rental rate, streamline organizational structure to enhance efficiency, control operating expenses and administrative costs, continue to stabilize its operations, ensure the timely delivery of property development projects, and secure cash resources for the sustainable development of the Group. The Company, its financial advisor China International Capital Corporation Hong Kong Securities Limited and its legal advisor Sidley Austin will work with the Company's creditors and their advisers to proactively explore all feasible options to pursue a holistic solution to the current liquidity issues, with an aim to formulate, in a more responsible way, a holistic debt solution that is possible to execute and implement, resolve debt risks and promote the steady operation of the Company.

The Group will proactively promote the parallel development of both its talents and the enterprise, and advocate employees' pragmatism and revamped rediscovering of themselves. The Group will assist employees for the betterment of their self-worth by mobilizing individuals' potentials; enhance overall working efficiency by optimization and re-engineering process; and build an elite team by implementing multi-dimensional incentive mechanisms. The Group will continue to uphold a human resources strategy of "unlocking potential and pooling of talent" and establish a broad platform and create opportunities for the career growth of its staff, with a view to realizing mutual growth and benefits among the enterprise and its talents.

Adhering to the initial intention of being a corporate citizen with social responsibilities, the Group will remain committed to being a responsible enterprise and following a path of high-quality sustainable development. It will adhere to the corporate mission of "creating space full of love", follow the corporate values of "simple, truthful, prosper together, forward forever", and continue to live up to the corporate philosophy of "honest, modest, innovative and devoted". It will firmly gather the wisdom and power of all fellow folks of Powerlong, with the same goals and paths and embracing difficulties, to contribute to fostering the steady and healthy development and virtuous cycle of the industry, with a view to continually creating further values for the corporation, the society and the country.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly comprises income from property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the six months ended 30 June 2025, the Group recorded a total revenue of approximately RMB13,251 million (for the six months ended 30 June 2024: approximately RMB15,651 million), representing a decrease of approximately 15.3% as compared with the corresponding period in 2024. This was mainly attributable to the decrease in revenue from property sales.

Revenue from Property Sales

During the six months ended 30 June 2025, the Group strictly complied with its original completion and delivery schedule for the delivery of the corresponding projects. Revenue from projects sold and delivered for the six months ended 30 June 2025 amounted to approximately RMB10,693 million (for the six months ended 30 June 2024: approximately RMB13,027 million), representing a decrease of approximately 17.9% as compared with the corresponding period in 2024. This was mainly attributable to the decrease in the delivery of residential properties.

Set forth below are the details regarding the properties sold and delivered during the six months ended 30 June 2025:

		For the six months ended 30 June 2025		
		GFA sold & delivered (sq.m.)	**Amount sold & delivered** (RMB million)	**Average selling price** (RMB/sq.m.)
Yangtze River Delta	Commercial	135,813	1,167	8,593
	Residential	214,782	2,886	13,437
Hainan	Commercial	1,995	31	15,539
	Residential	104,373	1,332	12,762
Greater Bay Area	Commercial	1,343	14	10,424
	Residential	23,745	404	17,014
Others	Commercial	89,013	656	7,370
	Residential	239,362	4,203	17,559
	Total	810,426	10,693	13,194
	Commercial	228,164	1,868	8,187
	Residential	582,262	8,825	15,156

Rental Income from Investment Properties and Income from Provision of Commercial Operational Services and Residential Property Management Services

For the six months ended 30 June 2025, the Group recorded rental income after elimination of intra-group transactions from investment properties amounting to approximately RMB954 million (for the six months ended 30 June 2024: approximately RMB973 million), representing a decrease of approximately 2.0% as compared with the corresponding period in 2024.

For the six months ended 30 June 2025, income from provision of commercial operational services and residential property management services was mainly derived from projects developed by the Group and other third parties. The net income after elimination of intra-group transactions amounted to approximately RMB1,190 million (for the six months ended 30 June 2024: approximately RMB1,202 million), representing a decrease of approximately 1.0% as compared with the corresponding period in 2024.

For the six months ended 30 June 2025, the Group recorded rental income from investment properties and income from provision of commercial operational services and residential property management services amounting to approximately RMB2,144 million (for the six months ended 30 June 2024: approximately RMB2,175 million), representing a decrease of approximately 1.4% as compared with the corresponding period in 2024.

Income from Other Property Development Related Businesses

Income from other property development related businesses mainly comprises income from hotel operation and the provision of consultation services. For the six months ended 30 June 2025, the Group recorded income from other property development related businesses amounting to approximately RMB414 million (for the six months ended 30 June 2024: approximately RMB449 million), representing a decrease of approximately 7.8% as compared with the corresponding period in 2024, mainly attributable to the decline in demand for hotels caused by economic downturn and consumption downgrade.

Cost of Sales

Cost of sales mainly represents the direct cost related to the property development of the Group. It comprises cost of land use rights, construction costs, decoration costs and other costs. For the six months ended 30 June 2025, cost of sales amounted to approximately RMB11,226 million (for the six months ended 30 June 2024: approximately RMB13,634 million), representing a decrease of approximately 17.7% as compared with the corresponding period in 2024, which was mainly due to the decrease in the GFA of properties sold and delivered.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2025, gross profit amounted to approximately RMB2,025 million (for the six months ended 30 June 2024: approximately RMB2,017 million), representing an increase of approximately 0.4% as compared with the corresponding period in 2024. Gross profit margin increased by 2.4 percentage points from 12.9% for the six months ended 30 June 2024 to 15.3% for the six months ended 30 June 2025. These changes were mainly attributable to the increase in the proportion of revenue from high-margin residential properties and commercial properties.

Fair Value Losses on Investment Properties

For the six months ended 30 June 2025, the Group recorded fair value losses of approximately RMB1,721 million (for the six months ended 30 June 2024: fair value losses of approximately RMB729 million). The fair value losses increased by approximately RMB992 million as compared with the corresponding period in 2024, mainly due to the continued downward trend of the real estate market and insufficient socio-economic domestic demand, leading to the decrease in demand for shopping malls leasing.

Selling and Marketing Costs and Administrative Expenses

For the six months ended 30 June 2025, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB813 million (for the six months ended 30 June 2024: approximately RMB901 million), representing a decrease of approximately 9.8% as compared with the corresponding period in 2024, which was mainly attributable to the decrease in the scale of projects sales and management. The Group will continue to exercise stringent control over expenses and costs whilst at the same time strive to continue the Group's business expansion.

Share of Losses of Investments Accounted for Using the Equity Method

For the six months ended 30 June 2025, the Group recorded share of post-tax losses of investments accounted for using the equity method of approximately RMB18 million (for the six months ended 30 June 2024: approximately RMB553 million). The share of losses of investments accounted for using the equity method decreased by approximately RMB535 million as compared with the corresponding period in 2024, mainly due to the decrease in net losses from joint ventures and associates.

Income Tax Expense

Income tax expense of the Group amounted to approximately RMB1,213 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: approximately RMB1,088 million), representing an increase of approximately 11.6% as compared with the corresponding period in 2024, primarily due to the write-down of deferred income tax assets based on the principle of prudence as a result of the severe operating environment in the real estate industry.

Loss Attributable to Owners of the Company

For the six months ended 30 June 2025, the loss attributable to owners of the Company amounted to approximately RMB2,652 million (for the six months ended 30 June 2024: loss attributable to owners of the Company of approximately RMB2,623 million).

For the six months ended 30 June 2025, basic loss per share was approximately RMB64.1 cents (for the six months ended 30 June 2024: basic loss per share of approximately RMB63.3 cents).

Core losses (being the profit/(losses) excluding the fair value gains/(losses) on investment properties, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the period under review)*(Note)* for the six months ended 30 June 2025 reached approximately RMB1,632 million (for the six months ended 30 June 2024: core losses of approximately RMB1,351 million).

Core losses attributable to owners of the Company (being the profit/(losses) excluding the attributable fair value gains/(losses) on investment properties, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the period under review)*(Note)* for the six months ended 30 June 2025 reached approximately RMB1,760 million (for the six months ended 30 June 2024: core losses attributable to owners of the Company of approximately RMB1,937 million).

(*Note*: The Group believes that the presentation of core earnings/(losses), being a non-HKFRS measure, will facilitate the evaluation of financial performance of the Group by excluding potential impact of certain non-operating and non-recurring items. Such non-HKFRS measure may be defined differently from similar terms used by other companies. The Group's presentation of this non-HKFRS measure should not be construed as an inference that the Group's future results will be unaffected by these items.)

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, bank borrowings and cash proceeds raised from issuance of bonds, which were used as working capital and investment in development projects.

The Group's cash and cash equivalents and restricted cash amounted to approximately RMB7,327 million in total as at 30 June 2025 (as at 31 December 2024: approximately RMB7,535 million), representing a decrease of approximately 2.8% as compared with that as at 31 December 2024.

Borrowings

Total borrowings of the Group as at 30 June 2025 was approximately RMB56,111 million (as at 31 December 2024: approximately RMB57,721 million), representing a decrease of approximately 2.8% as compared with that as at 31 December 2024. The Group's borrowings comprise bank and other borrowings of approximately RMB31,908 million, corporate bonds of approximately RMB6,305 million, commercial mortgage backed securities (the "**CMBS**") of approximately RMB2,115 million, assets-backed securities (the "**ABS**") of approximately RMB207 million and senior notes of approximately RMB15,576 million.

Out of the total borrowings, approximately RMB27,597 million was repayable within one year, while approximately RMB28,514 million was repayable after one year.

Net Gearing Ratio

As at 30 June 2025, the Group had a net gearing ratio (which is total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 104.1% (as at 31 December 2024: approximately 101.6%).

Borrowing Costs

Total interest expenses for the six months ended 30 June 2025 amounted to approximately RMB1,751 million (for the six months ended 30 June 2024: approximately RMB2,017 million), representing a decrease of approximately 13.2% as compared with the corresponding period in 2024. The decrease was mainly due to the decrease in total borrowings of the Group as compared with the corresponding period in 2024. The effective interest rate decreased from 5.85% for the six months ended 30 June 2024 to 5.30% for the six months ended 30 June 2025, due to the Group's tightened control over finance costs. The Group will continue to enhance its stringent control over finance costs.

Credit Policy

Trade receivables mainly arose from sales and lease of properties. Receivables in respect of sales and lease of properties are settled in accordance with the terms stipulated in the sale and purchase agreements and lease agreements respectively.

Pledge of Assets

As at 30 June 2025, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of approximately RMB60,042 million (as at 31 December 2024: RMB60,665 million) to secure borrowings of the Group. The total secured bank and other borrowings and CMBS as at 30 June 2025 amounted to approximately RMB33,935 million (as at 31 December 2024: approximately RMB35,487 million). The ABS of RMB207 million (as at 31 December 2024: RMB207 million) were secured by the trade receivables of the Group. The senior notes issued by the Company were guaranteed and secured by share pledges of certain non-PRC subsidiaries and non-PRC joint ventures of the Group.

Contingent Liabilities

As at 30 June 2025, save as disclosed in this report, the Group had no significant contingent liabilities.

Financial Guarantees

The face value of the financial guarantees provided by the Group is analysed as below:

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**13,409,131**	16,166,946
Guarantees for borrowings of joint ventures and associates	**717,760**	764,050
	14,126,891	16,930,996

Commitments

(1) Commitments for property development expenditures

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Contracted but not provided for		
– Property development activities	**6,873,819**	7,046,342
	6,873,819	7,046,342

(2) Lease commitments

As at 30 June 2025 and 31 December 2024, the Group did not have any material short-term lease commitment.

Foreign Currency Risk

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. As at 30 June 2025, the Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollar, Hong Kong dollar or Macau Pataca, in the total amount of approximately RMB25,017 million. Fluctuation of the exchange rate of RMB against United States dollar, Hong Kong dollar or Macau Pataca could affect the Group's results of operations. Further, any depreciation of RMB would adversely affect the value of any dividends the Group pays to the shareholders of the Company (the "**Shareholders**") outside of the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, the Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group had not authorized any plans for any other material investments or additions of capital assets as at 30 June 2025.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2025, the Group employed a total of 7,852 full-time employees (as at 31 December 2024: 8,152 employees). The total staff costs of the Group incurred were approximately RMB915 million for the six months ended 30 June 2025. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the pay level in the industry. In relation to staff training, the Group also provides different types of training programs for its staff to improve their skills and develop their respective expertise.

INTERIM DIVIDEND

The board (the "**Board**") of directors (the "**Director(s)**") of the Company resolved not to declare an interim dividend for the six months ended 30 June 2025.

EVENTS AFTER THE REPORTING PERIOD

References are made to the Company's announcements dated 7 March 2025, 31 March 2025, 12 May 2025 and 14 July 2025 in relation to the liquidation application filed in a British Virgin Islands court against Powerlong Real Estate (BVI) Holdings Limited, a wholly-owned subsidiary of the Company. The date of hearing of the liquidation application has been further adjourned to 17 November 2025 (or the next available date before 4 December 2025). The Company will closely monitor the development in relation to the liquidation application.

Disclosure of Interests

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2025, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) which (i) were recorded in the register required to be kept by the Company under section 352 of the SFO; or (ii) were required to be 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 C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

(1) Long position in shares and underlying shares of the Company

Name of Directors	Number of ordinary shares					Approximate percentage of interests to the issued share capital of the Company *(Note 1)*
	Personal interests	Interests of spouse	Interests of controlled corporation	Other interests	Total	
Mr. Hoi Kin Hong	–	2,800,000	–	1,825,071,000 *(Note 2)*	1,827,871,000	44.15%
Mr. Hoi Wa Fong	–	503,400	–	597,568,000 *(Note 3)*	598,071,400	14.44%
Mr. Xiao Qing Ping	911,700	–	–	–	911,700	0.02%
Mr. Zhang Hong Feng	184,300	–	–	–	184,300	0.004%
Ms. Hoi Wa Fan	61,470,000	–	226,623,000 *(Note 4)*	–	288,093,000	6.96%

Notes:

1. These percentages have been compiled based on the total number of issued shares (i.e. 4,140,403,000 shares) as at 30 June 2025.

2. These shares are held by Skylong Holdings Limited, which is wholly-owned by Skylong Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Skylong Trust, a discretionary trust of which Mr. Hoi Kin Hong is the settlor. Pursuant to the SFO, Mr. Hoi Kin Hong is deemed to be interested in the shares held under the Skylong Trust.

3. These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held under the Sky Infinity Trust.

4. These shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Limited, which are wholly and beneficially owned by Ms. Hoi Wa Fan. Pursuant to the SFO, Ms. Hoi Wa Fan is deemed to be interested in the shares held by Walong Holdings Limited and Mantong (HK) Trading Co., Limited.

(2) Long position in shares of associated corporation of the Company

Name of Directors	Name of associated corporation	Number of ordinary shares: Personal interests	Interests of spouse	Interests of a controlled corporation	Other interests	Total	Approximate percentage of interests to the issued share capital of the Company *(Note 1)*
Mr. Hoi Wa Fong	Powerlong CM	–	–	17,442,000 *(Note 2)*	1,500,000 *(Note 3)*	18,942,000	2.95%

Notes:

1. These percentages have been compiled based on the total number of issued shares of Powerlong CM (i.e. 642,900,000 shares) as at 30 June 2025.

2. Huihong Management (PTC) Limited ("**Huihong Management**"), the trustee of Huihong Trust, is wholly owned by Mr. Hoi Wa Fong. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong CM held by Huihong Management.

3. These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong CM held under the Sky Infinity Trust.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2025, the interests or short positions of the persons or corporations, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Capacity/ Nature of interests	Total number of ordinary shares and underlying shares *(Note 1)*	Approximate percentage of interests in the Company *(Note 2)*
TMF (Cayman) Ltd. *(Notes 3 and 4)*	Trustee	2,422,639,000	58.51%
Skylong Family Limited *(Note 3)*	Interest in controlled corporation	1,825,071,000	44.08%
Skylong Holdings Limited *(Note 3)*	Beneficial owner	1,825,071,000	44.08%
Sky Infinity Family Limited *(Note 4)*	Interest in controlled corporation	597,568,000	14.43%
Sky Infinity Holdings Limited *(Note 4)*	Beneficial owner	597,568,000	14.43%
Wason Holdings Limited	Beneficial owner	249,523,000	6.03%
Walong Holdings Limited	Beneficial owner	209,444,000	5.06%

Notes:

1. All the interests represent long positions.

2. These percentages have been compiled based on the total number of issued shares (i.e. 4,140,403,000 shares) as at 30 June 2025.

3. Skylong Holdings Limited is wholly-owned by Skylong Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Skylong Trust, a discretionary trust of which Mr. Hoi Kin Hong is the settlor.

4. Sky Infinity Holdings Limited is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor.

Save as disclosed above, as at 30 June 2025, the Directors are not aware of any other person or corporation, other than a Director or chief executive of the Company, who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Corporate Governance

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more values for its Shareholders. The Board continuously reviews and improves the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

COMPLIANCE WITH THE CG CODE

The Company had complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**") during the six months ended 30 June 2025, except for the deviation from the code provision C.1.7 of the Corporate Governance Code.

As stipulated in code provision C.1.7 of the Corporate Governance Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The director liability insurance taken out by the Company for the Directors has lapsed on 1 April 2025. Despite reasonable efforts, the Company has yet to identify a suitable director liability insurance policy with reasonable premium while providing adequate cover to the Directors. The Company will continue to seek appropriate insurance cover in this regard.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company during the six months ended 30 June 2025. As at 30 June 2025, the Company did not have any treasury shares.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for dealings in securities of the Company by the Directors. Specific enquiry has been made of all Directors and all Directors have confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2025.

To comply with code provision C.1.3 of the CG Code, relevant employees (as defined in the Listing Rules) of the Group, who are likely to be in possession of unpublished inside information of the Group or its securities due to their offices or employment, are also subject to compliance with written guidelines no less exacting than the Model Code.

During the six months ended 30 June 2025, no incident of non-compliance with the Model Code and the written guidelines by the Directors and the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Company has established an audit committee ("**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules to, amongst others, review the Group's financial information and oversee the Group's financial reporting system, risk management and internal control procedures. The Audit Committee also assists the Board and its chairman in performing the corporate governance functions of the Company.

The Audit Committee comprises four members who are the independent non-executive Directors, namely Mr. Au Yeung Po Fung, Dr. Mei Jian Ping, Dr. Ding Zu Yu and Ms. Liu Xiao Lan. The chairman of the Audit Committee, Mr. Au Yeung Po Fung, possesses appropriate professional qualifications, accounting and related financial management expertise.

The Audit Committee has reviewed the interim report for the six months ended 30 June 2025 in conjunction with the Company's management and the external auditor. In particular, the Audit Committee has discussed with the Company's management and the external auditor regarding the preparation of the condensed consolidated financial statements of the Company for the six months ended 30 June 2025 in this interim report on a going concern basis. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

REVIEW OF UNAUDITED INTERIM RESULTS

The financial information set out in this report is unaudited but has been reviewed by the Company's independent auditor, KTC Partners CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor of the Company has not issued a conclusion on their review report on the interim condensed consolidated financial information of the Group for the six months ended 30 June 2025.

The following is an extract of the independent auditor's review report on the interim condensed consolidated financial information of the Group for the six months ended 30 June 2025.

Extract from the Report on Review of Interim Condensed Consolidated Financial Information

"Basis for Disclaimer of Conclusion

Material Uncertainties Relating to Going Concern

We draw attention to note 2 to the interim condensed consolidated financial information, which mentioned that the Group incurred a loss attributable to owners of the Company of approximately RMB2,652 million for the six months ended 30 June 2025. As at 30 June 2025, the Group had borrowings in total of approximately RMB56,111 million, out of which approximately RMB27,598 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,327 million. As at 30 June 2025, the Group had certain indebtedness, including senior notes, corporate bonds and bank and other borrowings, with an aggregate carrying amount of approximately RMB22,843 million that were defaulted or cross defaulted. A liquidation application has been filed in a British Virgin Islands court against Powerlong Real Estate (BVI) Holdings Limited, a wholly owned subsidiary of the Company on 7 March 2025, and the date of hearing of the liquidation application has been further adjourned to 17 November 2025 (or the next available date before 4 December 2025). The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the abovementioned, the interim condensed consolidated financial information have been prepared by the directors of the Company (the "**Directors**") on a going concern basis, the validity of which depends upon the successful outcome of the Group's various plans and measures, as set out in note 2 to the interim condensed consolidated financial information, to mitigate its liquidity pressure and to improve its financial performance, which are subject to material uncertainties.

As a result of the material uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation of the interim condensed consolidated financial information as adopted by the Directors is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to the interim condensed consolidated financial information, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the interim condensed consolidated financial information."

ANNUAL GENERAL MEETING

The chairman of the Board, all the Directors, including the respective chairman of the Audit Committee, the remuneration committee and nomination committee of the Company, and the external auditor were present at the annual general meeting of the Company held on 13 June 2025.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Facility Agreement dated 8 July 2019

On 8 July 2019, the Company as the borrower, entered into a facility agreement (the "**July 2019 Facility Agreement**") with a group of lenders in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US$200,000,000 (which includes an accordion feature) (the "**2019 Term Loan Facility**"), the repayment period of which was subsequently extended by 24 months. Pursuant to the 2019 Term Loan Facility, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial ownership of not less than 40% of the entire issued share capital of the Company; and (iii) maintain management control of the Company. Details of the 2019 Term Loan Facility are set out in the announcement of the Company dated 8 July 2019.

Facility Agreement dated 13 May 2020

On 13 May 2020, the Company as the borrower, Industrial and Commercial Bank of China (Macau) Limited ("**ICBC Macau**") as the arranger, ICBC Macau and the financial institutions set out therein, as the original lenders and ICBC Macau as the agent, and other parties thereto, entered into a facility agreement (the "**May 2020 Facility Agreement**") in relation to a 42-month term dual currency triple tranche loan facility in an amount of up to US$200 million equivalent (which includes incremental facilities) (the "**May 2020 Term Loan Facility**"). Pursuant to the May 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 13 May 2020 for further details of the May 2020 Term Loan Facility.

Facility Agreement dated 30 June 2020

On 30 June 2020, the Company as the borrower, China CITIC Bank International Limited, The Bank of East Asia, Limited and The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") as the mandated lead arranger and bookrunner, the financial institutions set out therein, as the original lenders and HSBC as the agent, and other parties thereto, entered into a facility agreement (the "**June 2020 Facility Agreement**") in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US$300 million equivalent (which includes incremental facilities) (the "**June 2020 Term Loan Facility**"). Pursuant to the June 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 30 June 2020 for further details of the June 2020 Term Loan Facility.

Facility Agreement dated 9 July 2021

On 9 July 2021, the Company as the borrower, The Bank of East Asia Limited, Macau Branch and Luso International Banking Limited ("**Luso Bank**") as the mandated lead arranger and coordinator, the financial institutions set out therein, as the original lenders and Luso Bank as the agent, and other parties thereto, entered into a facility agreement (the "**July 2021 Facility Agreement**") in relation to a 42-month term dual currency triple tranche loan facility in an amount of up to US$200 million equivalent (which includes incremental facilities) (the "**July 2021 Term Loan Facility**"). Pursuant to the July 2021 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 9 July 2021 for further details of the July 2021 Term Loan Facility.

Facility Agreement dated 9 August 2021

On 9 August 2021, the Company as the borrower, Bank of China (Hong Kong) Limited, Bank of Communications (Hong Kong) Limited, The Bank of East Asia Limited and HSBC as the mandated lead arranger and coordinator, the financial institutions set out therein as the original lenders and HSBC as the agent, and other parties thereto, entered into a facility agreement (the "**August 2021 Facility Agreement**") in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US$210 million equivalent (which includes incremental facilities) (the "**August 2021 Term Loan Facility**"). Pursuant to the August 2021 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 9 August 2021 for further details of the August 2021 Term Loan Facility.

As at 30 June 2025, each of the July 2019 Facility Agreement, the May 2020 Facility Agreement, the June 2020 Facility Agreement, the July 2021 Facility Agreement and the August 2021 Facility Agreement subsisted, which triggered the disclosure obligation under Rule 13.21 of the Listing Rules.

As at the date of this report, for the purpose of Part XV of the SFO, Mr. Hoi Kin Hong and Mr. Hoi Wa Fong in aggregate were interested in approximately 58.59% of the total number of issued shares of the Company.

OTHER CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed above, the Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the six months ended 30 June 2025.

CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

Changes in the Board since the publication of the 2024 annual report of the Company and as at the date of this report are set out below:

(1) With effect from 13 June 2025, Ms. Shih Sze Ni Cecilia has retired as an executive Director.

(2) With effect from 1 August 2025, (i) Mr. Ngai Wai Fung has resigned as an independent non-executive Director and the chairman of the Audit Committee; and (ii) Mr. Au Yeung Po Fung has been appointed as an independent non-executive Director and the chairman of the Audit Committee.

Save as disclosed above, there was no change in the Board and the Company is not aware of any other information which is required to be disclosed in this report pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2024 annual report of the Company.

Report on Review of Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

To the Board of Directors of Powerlong Real Estate Holdings Limited

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We were engaged to review the interim condensed consolidated financial information of Powerlong Real Estate Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 60, which comprise the interim condensed consolidated balance sheet as at 30 June 2025, the interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months then ended, and explanatory notes to the interim condensed consolidated financial information, including material accounting policy information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Because of the potential interaction of the material uncertainties and their possible cumulative effect on the interim condensed consolidated financial information described in the "Basis for Disclaimer of Conclusion" section of our report, however, it is not possible for us to express a conclusion on the interim condensed consolidated financial information.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity as issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express a conclusion on the interim condensed consolidated financial information.

BASIS FOR DISCLAIMER OF CONCLUSION

Material Uncertainties Relating to Going Concern

We draw attention to note 2 to the interim condensed consolidated financial information, which mentioned that the Group incurred a loss attributable to owners of the Company of approximately RMB2,652 million for the six months ended 30 June 2025. As at 30 June 2025, the Group had borrowings in total of approximately RMB56,111 million, out of which approximately RMB27,598 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,327 million. As at 30 June 2025, the Group had certain indebtedness, including senior notes, corporate bonds and bank and other borrowings, with an aggregate carrying amount of approximately RMB22,843 million that were defaulted or cross defaulted. A liquidation application has been filed in a British Virgin Islands court against Powerlong Real Estate (BVI) Holdings Limited, a wholly owned subsidiary of the Company on 7 March 2025, and the date of hearing of the liquidation application has been further adjourned to 17 November 2025 (or the next available date before 4 December 2025). The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the abovementioned, the interim condensed consolidated financial information have been prepared by the directors of the Company (the "Directors") on a going concern basis, the validity of which depends upon the successful outcome of the Group's various plans and measures, as set out in note 2 to the interim condensed consolidated financial information, to mitigate its liquidity pressure and to improve its financial performance, which are subject to material uncertainties.

Report on Review of Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2025

BASIS FOR DISCLAIMER OF CONCLUSION (continued)

Material Uncertainties Relating to Going Concern (continued)

As a result of the material uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation of the interim condensed consolidated financial information as adopted by the Directors is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to the interim condensed consolidated financial information, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the interim condensed consolidated financial information.

We disclaimed our opinion on the consolidated financial statements for the year ended 31 December 2024 relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2024 are presented as corresponding figures in the interim condensed consolidated balance sheet as at 30 June 2025.

DISCLAIMER OF CONCLUSION

Because of the potential interaction of the material uncertainties related to going concern and their possible cumulative effect on these interim condensed consolidated financial information described in the "Basis for Disclaimer of Conclusion" section of our report, we do not express a conclusion on the interim condensed consolidated financial information.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
Chow Yiu Wah, Joseph
Audit Engagement Director
Practising Certificate Number P04686

Hong Kong, 29 August 2025

Interim Condensed Consolidated Balance Sheet

	Notes	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	5,888,089	6,284,630
Investment properties	7	77,875,495	77,269,444
Intangible assets		3,033	4,282
Goodwill		20,640	20,640
Investments accounted for using the equity method	8	7,474,158	8,565,449
Deferred income tax assets		2,063,736	2,409,599
Financial assets at fair value through other comprehensive income		46,500	47,963
		93,371,651	94,602,007
Current assets			
Properties under development	10	29,240,065	44,714,925
Completed properties held for sale	11	21,759,616	15,023,720
Contract assets		122,522	159,738
Trade receivables	12	1,350,525	1,477,684
Other receivables	13	22,939,085	23,230,120
Prepayments	9	3,454,590	3,450,176
Prepaid taxes		1,513,229	1,813,757
Financial assets at fair value through profit or loss		7,077	9,373
Restricted cash	14	1,308,803	1,431,604
Cash and cash equivalents	15	6,018,122	6,103,770
		87,713,634	97,414,867
Total assets		181,085,285	192,016,874
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	36,779	36,779
Other reserves	17	1,744,002	2,167,906
Retained earnings		28,179,557	30,831,900
		29,960,338	33,036,585
Perpetual capital instruments	18	–	–
Non-controlling interests		16,880,823	16,362,094
Total equity		46,841,161	49,398,679

Interim Condensed Consolidated Balance Sheet

	Notes	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	28,513,554	31,541,550
Lease liabilities		939,260	1,181,343
Deferred income tax liabilities		6,538,785	6,802,609
		35,991,599	39,525,502
Current liabilities			
Borrowings	19	27,597,821	26,179,508
Trade and other payables	21	39,844,275	39,520,893
Contract liabilities	20	12,804,280	20,024,086
Current income tax liabilities		17,918,829	17,298,802
Lease liabilities		87,320	69,404
		98,252,525	103,092,693
Total liabilities		134,244,124	142,618,195
Total equity and liabilities		181,085,285	192,016,874

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The interim condensed consolidated financial information on pages 22 to 60 were approved by the Board on 29 August 2025 and were signed on its behalf by:

Hoi Kin Hong
Director

Hoi Wa Fong
Director

Interim Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
	Notes	**2025 Unaudited RMB'000**	2024 Unaudited RMB'000
Revenue	*5*	**13,251,243**	15,651,245
Cost of sales	*22*	**(11,226,014)**	(13,634,123)
Gross profit		**2,025,229**	2,017,122
Fair value losses on investment properties – net	*7*	**(1,720,583)**	(728,527)
Selling and marketing costs	*22*	**(266,641)**	(316,377)
Administrative expenses	*22*	**(546,833)**	(584,465)
Net impairment losses on financial assets		**(173,533)**	(61,521)
Other income and losses – net		**(185,082)**	(161,427)
Operating (loss)/profit		**(867,443)**	164,805
Finance costs – net	*23*	**(637,573)**	(570,938)
Share of losses of investments accounted for using the equity method	*8*	**(17,950)**	(552,972)
Loss before income tax		**(1,522,966)**	(959,105)
Income tax expense	*24*	**(1,213,265)**	(1,087,607)
Loss for the period		**(2,736,231)**	(2,046,712)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Currency translation differences	*17*	**1**	2,096
Items that will not be reclassified subsequently to profit or loss:			
Changes in the fair value of financial assets at fair value through other comprehensive income	*17*	**(1,097)**	(168)
Total other comprehensive (loss)/income for the period, net of tax		**(1,096)**	1,928
Total comprehensive loss for the period		**(2,737,327)**	(2,044,784)
(Loss)/profit attributable to:			
Owners of the Company		**(2,652,343)**	(2,622,869)
Non-controlling interests		**(83,888)**	576,157
		(2,736,231)	(2,046,712)
Total comprehensive (loss)/income to:			
Owners of the Company		**(2,653,439)**	(2,620,941)
Non-controlling interests		**(83,888)**	576,157
		(2,737,327)	(2,044,784)
Loss per share for loss attributable to owners of the Company during the period (expressed in RMB cents per share):			
Basic and diluted	*25*	**(64.1)**	(63.3)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						
	Share capital RMB'000 *(Note 16)*	Other reserves RMB'000 *(Note 17)*	Retained earnings RMB'000	Total RMB'000	Holders of Perpetual Capital Instruments RMB'000 *(Note 18)*	Non-controlling interests RMB'000	Total equity RMB'000
Six months ended 30 June 2025 (Unaudited)							
Balance at 1 January 2025	36,779	2,167,906	30,831,900	33,036,585	–	16,362,094	49,398,679
Comprehensive (loss)/income							
– Loss for the period	–	–	(2,652,343)	(2,652,343)	–	(83,888)	(2,736,231)
Other comprehensive (loss)/income for the period							
– Changes in the value of financial assets at fair value through other comprehensive income	–	(1,097)	–	(1,097)	–	–	(1,097)
– Currency translation differences	–	1	–	1	–	–	1
Total comprehensive loss for the period	–	(1,096)	(2,652,343)	(2,653,439)	–	(83,888)	(2,737,327)
Transactions with owners							
– Dividends	–	–	–	–	–	(8,620)	(8,620)
– Changes in ownership interests in subsidiaries without change of control	–	(427,339)	–	(427,339)	–	611,149	183,810
– Employee share award scheme	–	4,531	–	4,531	–	1,157	5,688
– Disposal of subsidiaries	–	–	–	–	–	(1,069)	(1,069)
Total transactions with owners	–	(422,808)	–	(422,808)	–	602,617	179,809
Balance at 30 June 2025	36,779	1,744,002	28,179,557	29,960,338	–	16,880,823	46,841,161

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						
	Share capital RMB'000 *(Note 16)*	Other reserves RMB'000 *(Note 17)*	Retained earnings RMB'000	Total RMB'000	Holders of Perpetual Capital Instruments RMB'000 *(Note 18)*	Non-controlling interests RMB'000	Total equity RMB'000
Six months ended 30 June 2024 (Unaudited)							
Balance at 1 January 2024	36,779	2,181,992	36,249,392	38,468,163	578,942	16,271,735	55,318,840
Comprehensive (loss)/income:							
(Loss)/profit for the period	–	–	(2,622,869)	(2,622,869)	–	576,157	(2,046,712)
Other comprehensive income/(loss) for the period							
– Changes in the fair value of financial assets at fair value through other comprehensive income	–	(168)	–	(168)	–	–	(168)
– Currency translation differences	–	2,096	–	2,096	–	–	2,096
Total comprehensive (loss)/income for the period	–	1,928	(2,622,869)	(2,620,941)	–	576,157	(2,044,784)
Transactions with owners:							
– Dividends	–	–	–	–	–	(18,240)	(18,240)
– Changes in ownership interests in subsidiaries without change of control	–	(33,052)	–	(33,052)	–	43,013	9,961
– Employee share award scheme	–	8,676	–	8,676	–	4,224	12,900
– Transfer of perpetual capital instruments	–	–	–	–	(578,942)	–	(578,942)
Total transactions with owners	–	(24,376)	–	(24,376)	(578,942)	28,997	(574,321)
Balance at 30 June 2024	36,779	2,159,544	33,626,523	35,822,846	–	16,876,889	52,699,735

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June 2025 Unaudited RMB'000	2024 Unaudited RMB'000
Cash flows from operating activities			
Cash generated from operations		**2,271,425**	2,240,754
PRC corporate income tax paid		**(250,800)**	(210,983)
PRC land appreciation tax paid		**(112,050)**	(205,872)
Interest paid		**(684,722)**	(1,043,631)
Cash generated from operating activities		**1,223,853**	780,268
Cash flows from investing activities			
Purchases of property and equipment		**(138,323)**	(148,375)
Purchases of right-of-use assets		**–**	(107,962)
Payments of construction fee and land use right of investment properties		**(470,310)**	(896,792)
Purchases of intangible assets		**–**	(166)
Proceeds from disposal of property and equipment		**277,096**	171,632
Proceeds from disposal of investment properties		**49,706**	3,285
Proceeds from disposal of financial assets at fair value through profit or loss		**2,300**	–
Dividend received		**331,265**	–
Investments in joint ventures and associates		**(21,906)**	–
Cash advances made to joint ventures, associates and non-controlling interests		**(296,842)**	(2,660,135)
Collection of cash advances from joint ventures, associates and non-controlling interests		**1,121,840**	3,513,009
Interest received		**25,853**	42,097
(Increased)/decreased in bank deposit		**(5,924)**	933
Cash generated from/(used in) investing activities		**874,755**	(82,474)
Cash flows from financing activities			
Proceeds from borrowings		**–**	24,982
Repayments of borrowings		**(1,448,132)**	(1,578,287)
Restricted cash released from/(pledged for) borrowings		**11,204**	(13,689)
Cash advances from parties controlled by ultimate controlling shareholders		**289,423**	225,151
Cash advances from joint ventures, associates and non-controlling interests		**230,565**	3,313,111
Repayment of cash advances to parties controlled by ultimate controlling interests		**(179,518)**	(1,368)
Repayments of cash advances to joint ventures, associates and non-controlling interests		**(1,209,581)**	(3,904,703)
Changes in ownership interests in subsidiaries without change of control		**183,810**	9,961
Dividends paid		**(8,620)**	(18,240)
Principal elements and interest expenses of lease payments		**(52,997)**	(65,003)
Cash used in financing activities		**(2,183,846)**	(2,008,085)
Decrease in cash and cash equivalents		**(85,238)**	(1,310,291)
Cash and cash equivalents at beginning of period	*15*	**6,103,770**	7,734,844
Exchange (losses)/gains on cash and cash equivalents		**(410)**	294
Cash and cash equivalents at end of period	*15*	**6,018,122**	6,424,847

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Powerlong Real Estate Holdings Limited (the "Company") was incorporated in the Cayman Islands on 18 July 2007 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal activity is investment holding. The Company and its subsidiaries (together, the "Group") is principally engaged in property development, property investment, provision of commercial operational services, provision of residential property management services and other property development related services in the People's Republic of China (the "PRC").

In the opinion of the Company, the Company's immediate and ultimate holding company is Skylong Holdings Limited, and the ultimate controlling shareholder of the Company is Mr. Hoi Kin Hong.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 14 October 2009.

These interim condensed consolidated financial statements are presented in thousand Renminbi ("RMB'000"), unless otherwise stated. This Unaudited Interim Condensed Consolidated Financial Information for the six months ended 30 June 2025 has been approved for issue by the Board on 29 August 2025.

The Interim Condensed Consolidated Financial Information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Unaudited Interim Condensed Consolidated 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 ("HKICPA"). The Unaudited Interim Condensed Consolidated Financial Information should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those set out in the Group's annual financial statements for the year ended 31 December 2024.

In the current interim period, the Group has adopted, the following amened HKFRSs for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

(a) Amended standards adopted by the Group

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(b) New and amendments standards and interpretations issued that are not yet effective, but may be adopted early

The following new standards and amendments and interpretation to standards have been published that are not mandatory for the year beginning on 1 January 2025 and have not been early adopted by the Group:

Amendment to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)[1]
Amendment to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[1]
Amendment to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments)[1]
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)[2]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)[2]
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)[2]
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)[3]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Group is in the process of assessing the potential impact of the new and amendments to HKFRSs but are not yet in a position to determine whether the new and amendments to HKFRSs will have a material impact on the Group's performance and financial position and on the disclosures. The new and amendments to HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the future.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Going concern basis

For the six months ended 30 June 2025, the Group incurred a loss attributable to owners of the Company of approximately RMB2,652 million. As at 30 June 2025, the Group had borrowings in total of approximately RMB56,111 million, out of which approximately RMB27,598 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,327 million. As at 30 June 2025, the Group had certain indebtedness, including senior notes, corporate bonds and bank and other borrowings, with an aggregate carrying amount of approximately RMB22,843 million that were defaulted or cross defaulted. A liquidation application has been filed in a British Virgin Islands court against Powerlong Real Estate (BVI) Holdings Limited, a wholly owned subsidiary of the Company on 7 March 2025, and the date of hearing of the liquidation application has been further adjourned to 17 November 2025 (or the next available date before 4 December 2025).

These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing and have considered the Group's cash flow projections prepared by management for a period of not less than 12 months from the end of reporting period. The following plans and measures are formulated with the objective to mitigate the liquidity pressure of the Group:

- The Group has appointed financial adviser for its offshore debt restructuring. The Group is working with the Group's creditors to proactively explore all feasible options to pursue a holistic solution to the current liquidity issues, with an aim to formulate, in a more responsible way, a holistic debt solution that is possible to execute and implement, resolve debt risks and promote the steady operation of the Group. The Group is engaged in discussions with the existing lenders actively on the renewal of the Group's certain borrowings. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales to address upcoming financial obligations and future operating cash flow requirements whilst engaging in active discussions with existing lenders;

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Going concern basis (continued)

- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

- The Group will continue to seek for suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make them relatively more attractive to potential buyers and retain a higher value in current market conditions; and

- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

The Directors, taking into account the above plans and measures, are of the opinion that it is appropriate to prepare the consolidated financial statements for the six months ended 30 June 2025 on a going concern basis.

3 ESTIMATES

The preparation of the Unaudited Interim Condensed Consolidated Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Unaudited Interim Condensed Consolidated Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2024, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management 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 2024.

There have been no changes in the risk management department or in any risk management policies since year end.

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Fair value estimation

The different levels of fair value estimation have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 30 June 2025 and 31 December 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2025 (unaudited)				
Financial assets:				
Financial assets at fair value through profit or loss	**105**	**–**	**6,972**	**7,077**
Total	**105**	**–**	**6,972**	**7,077**
At 31 December 2024 (audited)				
Financial assets:				
Financial assets at fair value through profit or loss	112	–	9,261	9,373
Total	112	–	9,261	9,373

There were no transfers between levels during the period. There was no significant financial liabilities measured at fair value as at 30 June 2025 (31 December 2024: nil).

5 SEGMENT INFORMATION

The executive directors, as the chief operating decision-makers ("CODM") of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, commercial operation and residential property management, and other property development related businesses. Other property development related businesses are mainly operations of hotels. As the CODM considers most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

Revenue consists of sales of properties, rental income of investment properties, income from provision of commercial operational services and residential property management services and other property development related businesses which mainly comprises income from hotel operations and the provision of consultation services. Revenue of the six months ended 30 June 2025 and 2024 consists of the following:

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Sales of properties	**10,692,784**	13,027,028
Rental income of investment properties	**954,252**	973,191
Income from provision of commercial operational services and residential property management services	**1,189,789**	1,202,396
Income of other property development related services	**414,418**	448,630
	13,251,243	15,651,245
Revenue from contracts with customers		
– At a point in time	**10,839,060**	13,167,659
– Over time	**1,457,931**	1,510,395
Timing of revenue recognition	**12,296,991**	14,678,054
Revenue from other sources – rental income	**954,252**	973,191
	13,251,243	15,651,245

5 SEGMENT INFORMATION (continued)

Segment results represent the performance for each segment without fair value gains on financial assets, unallocated operating costs, financial costs – net and income tax expense. The segment results and other segment items included in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2025 are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Group RMB'000
Six months ended 30 June 2025 (Unaudited)					
Gross segment revenue	10,692,784	1,068,655	1,300,938	415,629	13,478,006
Inter-segment revenue	–	(114,403)	(111,149)	(1,211)	(226,763)
Revenue from external customers	10,692,784	954,252	1,189,789	414,418	13,251,243
Segment results	(50,892)	(840,705)	313,733	(49,949)	(627,813)
Fair value gains on financial assets at fair value through profit or loss					4
Unallocated operating costs					(257,584)
Finance costs – net (Note 23)					(637,573)
Loss before income tax					(1,522,966)
Income tax expense (Note 24)					(1,213,265)
Loss for the period					(2,736,231)
Depreciation and amortisation recognised as expenses	18,713	–	5,011	133,899	157,623
Fair value losses on investment properties (note 7)	–	(1,669,762)	(50,821)	–	(1,720,583)
Impairment losses on properties under development and completed properties held for sale – net	2,510,217	–	–	–	2,510,217
Share of post-tax profits/(losses) of joint ventures	3,055	–	(172)	–	2,883
Share of post-tax profits/(losses) of associates	(21,206)	–	–	373	(20,833)

Notes to the Interim Condensed Consolidated Financial Information

5 SEGMENT INFORMATION (continued)

The segment results and other segment items included in the interim condensed consolidated statements of comprehensive income for the six months ended 30 June 2024 are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Group RMB'000
Six months ended 30 June 2024 (Unaudited)					
Gross segment revenue	13,027,028	1,082,941	1,332,942	450,801	15,893,712
Inter-segment revenue	–	(109,750)	(130,546)	(2,171)	(242,467)
Revenue from external customers	13,027,028	973,191	1,202,396	448,630	15,651,245
Segment results	(306,910)	224,164	140,030	(132,297)	(75,013)
Fair value gains on financial assets at fair value through profit or loss					649
Unallocated operating costs					(313,803)
Finance costs – net (Note 23)					(570,938)
Loss before income tax					(959,105)
Income tax expense (Note 24)					(1,087,607)
Loss for the period					(2,046,712)
Depreciation and amortisation recognised as expenses	21,855	–	3,909	131,353	157,117
Fair value losses on investment properties (note 7)	–	(675,617)	(52,910)	–	(728,527)
Impairment losses on properties under development and completed properties held for sale – net	2,069,322	–	–	–	2,069,322
Share of post-tax losses of joint ventures	(269,289)	–	(1,336)	–	(270,625)
Share of post-tax losses of associates	(282,136)	–	–	(211)	(282,347)

5 SEGMENT INFORMATION (continued)

Segment assets, liabilities and interests in joint ventures and associates as at 30 June 2025 and capital expenditure for the six months then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Elimination RMB'000	Group RMB'000
At 30 June 2025 (Unaudited)						
Segment assets	81,538,554	76,024,041	6,044,954	11,538,135	(6,911,050)	168,234,634
Other assets						12,850,651
Total assets						181,085,285
Segment assets include:						
Interests in joint ventures	4,511,517	–	634	–	–	4,512,151
Interests in associates	2,925,414	–	–	36,593	–	2,962,007
Segment liabilities	39,363,902	2,836,186	2,603,308	5,254,864	(6,911,050)	43,147,210
Other liabilities						91,096,914
Total liabilities						134,244,124
Capital Expenditure (six months ended 30 June 2025) (unaudited)	544	2,503,053	3,159	177,024	–	2,683,780

Notes to the Interim Condensed Consolidated Financial Information

5 SEGMENT INFORMATION (continued)

Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2024 and capital expenditure for the six months ended 30 June 2024 are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Elimination RMB'000	Group RMB'000
At 31 December 2024 (Audited)						
Segment assets	92,882,080	75,290,007	5,982,795	11,140,498	(7,105,163)	178,190,217
Other assets						13,826,657
Total assets						192,016,874
Segment assets include:						
Interests in joint ventures	4,489,869	–	807	–	–	4,490,676
Interests in an associates	4,038,553	–	–	36,220	–	4,074,773
Segment liabilities	46,338,948	2,491,915	2,581,534	5,772,116	(7,105,163)	50,079,350
Other liabilities						92,538,845
Total liabilities						142,618,195
Capital expenditure (six months ended 30 June 2024) (unaudited)	122,562	2,574,628	8,479	146,505	–	2,852,174

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

Sales between segments are carried out in accordance with the terms of the underlying agreements. The revenue from external parties reported to the Board is measured in a manner consistent with that in the interim condensed consolidated statement of comprehensive income.

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the interim condensed consolidated balance sheet. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, investment properties, properties under development, completed properties held for sale, contract assets, receivables and cash and cash equivalents.

Segment liabilities consist of operating liabilities.

Capital expenditure comprises of additions to property and equipment (Note 6) and investment properties (Note 7).

6 PROPERTY AND EQUIPMENT

	Property and equipment RMB'000	Land use rights RMB'000	Total RMB'000
Six months ended 30 June 2025 (Unaudited)			
Opening net book amount as at 1 January 2025	**4,108,650**	**2,175,980**	**6,284,630**
Additions	**152,923**	**27,804**	**180,727**
Disposals	**(174,462)**	**(245,183)**	**(419,645)**
Depreciation charges	**(123,847)**	**(33,776)**	**(157,623)**
Closing net book amount as at 30 June 2025	**3,963,264**	**1,924,825**	**5,888,089**
Six months ended 30 June 2024 (Unaudited)			
Opening net book amount as at 1 January 2024	4,455,021	2,156,444	6,611,465
Additions	169,584	107,962	277,546
Disposals	(115,288)	(28,583)	(143,871)
Depreciation charges	(127,495)	(28,364)	(155,859)
Closing net book amount as at 30 June 2024	4,381,822	2,207,459	6,589,281

As at 30 June 2025, property and equipment with a net book amount of RMB1,469,157,000 (31 December 2024: RMB1,507,822,000) were pledged as collateral for the Group's borrowings (Note 19).

The capitalisation rate of borrowings for the six months ended 30 June 2025 was 5.09% (six months ended 30 June 2024: 5.76%).

Land use rights comprise cost of acquiring rights to use for certain land with lease periods from 40 to 70 years (2024: same), which are all located in the PRC, mainly for hotel buildings and other self-use buildings.

7 INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Six months ended 30 June 2025 (Unaudited)			
Opening amount as at 1 January 2025	**66,358,759**	**10,910,685**	**77,269,444**
Addition	**–**	**2,503,053**	**2,503,053**
Transfers	**666,317**	**(666,317)**	**–**
Fair value losses – net	**(1,483,329)**	**(237,254)**	**(1,720,583)**
Disposals	**(169,825)**	**(6,594)**	**(176,419)**
Closing amount as at 30 June 2025	**65,371,922**	**12,503,573**	**77,875,495**
Six months ended 30 June 2024 (Unaudited)			
Opening amount as at 1 January 2024	67,614,472	11,332,367	78,946,839
Additions	–	2,574,628	2,574,628
Transfers	1,477,126	(1,477,126)	–
Fair value (losses)/gains – net	(777,157)	48,630	(728,527)
Disposals	(734)	–	(734)
Closing amount as at 30 June 2024	68,313,707	12,478,499	80,792,206

Investment properties as at 30 June 2025 and 31 December 2024 are held in the PRC on leases between 10 to 50 years.

The capitalisation rate of borrowings for the six months ended 30 June 2025 was 5.09% (six months ended 30 June 2024: 5.76%).

As at 30 June 2025, investment properties of RMB36,693,013,000 (31 December 2024: RMB37,225,304,000) were pledged as collateral for the Group's borrowings (Note 19).

(i) Valuation processes of the Group

The Group's investment properties were valued at 30 June 2025 by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's reporting dates.

7 INVESTMENT PROPERTIES (continued)

(ii) Valuation techniques

The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Completed investment properties comprise of commercial properties and carparks. For commercial properties, fair values are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

For carparks, valuations are determined using the direct comparison method. The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently been transacted. Given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the selling price such as property size and locations.

Fair values of the investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

The Group has also used the sale comparison approach by making reference to the sales transactions or asking price evidences of comparable properties as available in the market to cross check the valuation result.

Fair values of the right-of-use assets of commercial properties held under leases are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

There were no changes to the valuation techniques during the period.

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

There was no associate nor joint venture of the Group as at 30 June 2025 which, in the opinion of the executive directors, is material to the Group. For those individually immaterial associates and joint ventures that are accounted for using the equity method, amounts recognised in the interim condensed consolidated balance sheet and the interim condensed consolidated statement of comprehensive income are set out as below:

Amounts recognised in the interim condensed consolidated balance sheet

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Investments accounted for using the equity method:		
Joint ventures	**4,512,151**	4,490,676
Associates	**2,962,007**	4,074,773
	7,474,158	8,565,449

Amounts recognised in the interim condensed consolidated statement of comprehensive income

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Share of (losses)/profits of associates and joint ventures accounted for using the equity method:		
Joint ventures	**2,883**	(270,625)
Associates	**(20,833)**	(282,347)
	(17,950)	(552,972)

9 PREPAYMENTS

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Acquisition of land use rights *(Note (a))*	**2,368,670**	2,375,065
Others	**1,085,920**	1,075,111
Current portion of prepayments	**3,454,590**	3,450,176

(a) Prepayments for land acquisitions are made in accordance with the payment terms as stipulated in the land acquisition contracts. The land acquisition costs which are contracted but not provided for are included in commitments (Note 28(a)).

10 PROPERTIES UNDER DEVELOPMENT

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Properties under development comprise:		
– Construction costs and capitalised expenditures	**9,228,069**	14,164,090
– Interests capitalised	**4,401,756**	5,580,836
– Land use rights	**15,610,240**	24,969,999
	29,240,065	44,714,925

The properties under development are all located in the PRC and expected to be completed within an operating cycle. The normal operating cycle of the Group's property development generally ranges from 2 to 3 years. The relevant land use rights in the PRC are on leases of 40 to 70 years.

As at 30 June 2025, the impairment loss on properties under development to net realisable value amounted to RMB5,449,194,000 (31 December 2024: RMB3,447,179,000).

As at 30 June 2025, properties under development of approximately RMB13,623,833,000 (31 December 2024: RMB18,409,268,000) were pledged as collateral for the Group's borrowings (Note 19).

The capitalisation rate of borrowings for the six months ended 30 June 2025 was 5.09% (six months ended 30 June 2024: 5.76%).

11 COMPLETED PROPERTIES HELD FOR SALE

The completed properties held for sale are all located in the PRC.

As at 30 June 2025, the impairment loss on completed properties held for sale to net realisable value amounted to RMB7,967,521,000 (31 December 2024: RMB7,459,319,000).

As at 30 June 2025, completed properties held for sale of approximately RMB8,241,450,000 (31 December 2024: RMB3,496,791,000) were pledged as collateral for the Group's borrowings (Note 19).

12 TRADE RECEIVABLES

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade receivables *(Note (a))*	1,870,208	1,952,254
– Third parties	1,802,566	1,886,774
– Related parties *(Note 29 (d))*	67,642	65,480
Less: loss allowance *(Note (b))*	(519,683)	(474,570)
	1,350,525	1,477,684

(a) The majority of the Group's sales are derived from sales of properties and rental income. Proceeds in respect of sales of properties and rental income are to be received in accordance with the terms of related sales and purchase agreements and rental contracts.

As at 30 June 2025 and 31 December 2024, the ageing analysis of trade receivables as at the respective balance sheet date is as follows:

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within one year	988,898	1,258,379
Over one year	881,310	693,875
	1,870,208	1,952,254

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2025, a provision of RMB519,683,000 was made against the gross amounts of trade receivables (31 December 2024: RMB474,570,000).

(c) The maximum exposure to credit risk of the trade receivables at the reporting date was the carrying value of each class of receivables. The Group has retained the legal titles of the properties sold to these customers before the trade receivables are settled.

(d) The Group's trade receivables are mainly denominated in RMB.

13 OTHER RECEIVABLES

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Deposits for acquisition of land use rights	56,500	56,500
Other receivables from:	23,384,077	23,576,793
– Related parties *(Note 29(d))*	9,071,484	9,392,729
– Non-controlling interests	8,612,440	8,549,176
– Other amounts due from third parties	5,700,153	5,634,888
Less: loss allowance	(501,492)	(403,173)
	22,939,085	23,230,120

(a) The Group's other receivables are mainly denominated in RMB.

(b) As at 30 June 2025 and 31 December 2024, other receivables from related parties are interest-free and repayable on demand.

(c) Other receivables represent cash advances made to non-controlling interests, which are unsecured, interest-free and repayable on demand.

(d) Other receivables from third parties mainly consist of deposits for construction projects.

(e) As at 30 June 2025 and 31 December 2024, the fair value of other receivables approximated their carrying amounts. The maximum exposure to credit risk of the other receivables at the reporting date was the carrying value of each class of receivables.

14 RESTRICTED CASH

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Guarantee deposits for construction projects *(Note (a))*	**1,065,310**	1,224,084
Guarantee deposits for bank acceptance notes	**32,051**	34,350
Guarantee deposits for bank borrowings *(Note (b))*	**14,529**	25,733
Bank deposits	**44,072**	38,148
Others	**152,841**	109,289
	1,308,803	1,431,604
Denominated in:		
– RMB	**1,308,803**	1,431,604
	1,308,803	1,431,604

(a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of presale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

(b) As at 30 June 2025, the Group has placed cash deposits of approximately RMB14,529,000 (31 December 2024: RMB25,733,000) with designated banks as security for bank borrowings (Note 19).

15 CASH AND CASH EQUIVALENTS

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Cash at bank and in hand:		
– Denominated in RMB	5,995,088	6,058,404
– Denominated in HK$	15,458	29,799
– Denominated in US$	7,503	15,511
– Denominated in MOP	73	56
	6,018,122	6,103,770

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

16 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000	Total RMB'000
Authorised:			
As at 1 January 2025 and 30 June 2025	30,000,000,000		
Issued and fully paid:			
Six month ended 30 June 2025 (Unaudited)			
As at 1 January 2025 and 30 June 2025	4,140,403,000	36,779	36,779
Six month ended 30 June 2024 (Unaudited)			
As at 1 January 2024 and 30 June 2024	4,140,403,000	36,779	36,779

Notes to the Interim Condensed Consolidated Financial Information

17 OTHER RESERVES

	Merger reserve RMB'000 *(Note (a))*	Currency exchange revaluation reserves RMB'000	Statutory reserves RMB'000 *(Note (b))*	Share-based compensation reserves RMB'000 *(Note (d))*	Revaluation reserves RMB'000 *(Note (c))*	Capital injection by non-controlling interests RMB'000	Transaction with non-controlling interests RMB'000	Total RMB'000
Six month ended 30 June 2025 (Unaudited)								
At 1 January 2025	**337,203**	**3,229**	**134,591**	**124,428**	**86,951**	**1,224,449**	**257,055**	**2,167,906**
Changes in ownership interests in subsidiaries without change of control	**–**	**–**	**–**	**–**	**–**	**–**	**(427,339)**	**(427,339)**
Employee share award scheme	**–**	**–**	**–**	**4,531**	**–**	**–**	**–**	**4,531**
Changes in the value of financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**(1,097)**	**–**	**–**	**(1,097)**
Currency translation differences	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**1**
At 30 June 2025	**337,203**	**3,230**	**134,591**	**128,959**	**85,854**	**1,224,449**	**(170,284)**	**1,744,002**
Six month ended 30 June 2024 (Unaudited)								
At 1 January 2024	337,203	(1,795)	129,142	168,262	88,720	1,224,449	236,011	2,181,992
Changes in ownership interests in subsidiaries without change of control	–	–	–	–	–	–	(33,052)	(33,052)
Employee share award scheme	–	–	–	8,676	–	–	–	8,676
Changes in the value of financial assets at fair value through other comprehensive income	–	–	–	–	(168)	–	–	(168)
Currency translation differences	–	2,096	–	–	–	–	–	2,096
At 30 June 2024	337,203	301	129,142	176,938	88,552	1,224,449	202,959	2,159,544

(a) Merger reserve

Merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company from the controlling shareholders less the consideration paid to the controlling shareholders pursuant to the reorganisation undertaken in 2007 for preparation of listing of the Company on the Stock Exchange.

(b) Statutory reserves

Pursuant to the relevant laws and regulations in the PRC and the provision of the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC are required to transfer 10% of their after-tax profits (after offsetting prior year losses) calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. Depending on their nature, the reserve funds can be used to set off accumulated losses of the subsidiaries or distribute to owners in the form of bonus issue.

17 OTHER RESERVES (continued)

(c) Revaluation reserves

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Items that will not be reclassified to profit or loss:		
Fair value losses on FVOCI – gross	**(1,463)**	(224)
Tax charge – deferred income tax	**366**	56
Total other comprehensive income – net of tax	**(1,097)**	(168)

(d) Share-based compensation reserve

Shares Award Scheme

Powerlong Commercial Management Holding Limited ("Powerlong CM"), a subsidiary of the Group, was listed on the Stock Exchange on 30 December 2019 (the "listing").

On 10 September 2020, Powerlong CM adopted a share award scheme (the "2020 Share Award Scheme") with Tricor Trust (Hong Kong) Limited as the trustee.

On 24 November 2020, Powerlong CM granted 11,250,000 awarded shares under the 2020 Share Award Scheme to Mr. Chen Deli, an executive Director and the chief executive officer of Powerlong CM. The awarded shares will be transferred to Mr. Chen Deli after the relevant vesting conditions are fulfilled. Under the terms of the 2020 Shares Award Scheme, when the vesting conditions are fulfilled, the awarded shares shall be vested 50% in June 2023 and 50% in June 2025 respectively. In June 2023, 5,625,000 awarded shares were vested.

On 1 November 2024, Mr. Chen resigned from his position as an executive Director and the chief executive officer of Powerlong CM. Under the terms of the 2020 Share Award Scheme, the remaining 5,625,000 Awarded Shares which were not yet vested as at that date will no longer be transferred to Mr. Chen.

The 11,250,000 awarded shares have an aggregate nominal value of HK$112,500 and a fair value of HK$226,688,000 based on the price of HK$20.15 on grant date (equivalent to approximately RMB192,446,000). For the six months ended 30 June 2025, an expense of RMB Nil (30 June 2024: RMB10,128,000) was recognised in relation to the 2020 Share Award Scheme.

On 31 December 2020, Powerlong CM announced that Huihong Management (PTC) Limited ("Huihong Management"), a company wholly-owned by Mr. Hoi Wa Fong who is one of the executive directors of the Company, adopted a share award scheme (the "Huihong Share Award Scheme") for the purpose of granting incentive shares (that are held by Huihong Management as trustee of the Huihong Share Award Scheme) ("Incentive Shares") to eligible persons, including the key management of Powerlong CM and its subsidiaries and persons who made special contribution to Powerlong CM, to recognise the contribution of, and to motivate and incentivise the relevant eligible persons.

17 OTHER RESERVES (continued)

(d) Share-based compensation reserve (continued)

Shares Award Scheme (continued)

On 21 September 2022, as the grant date, Powerlong CM has resolved to transfer, and the eligible grantees have to pay a purchase price of RMB1.1111 per share for, certain Incentive Shares upon the terms and subject to the conditions under the Huihong Share Award Scheme. These Incentive Shares shall be transferred to the eligible grantees after the relevant vesting conditions are fulfilled.

Under the terms of the Huihong Share Award Scheme, when the vesting conditions are fulfilled, the Incentive Shares shall be vested 100%. As at 30 June 2025, total number of 27,558,000 Incentive Shares were purchased by and transferred to the grantees (as at 31 December 2024: 21,428,000 shares). For the six months ended 30 June 2025, an expense of RMB5,688,000 was recognised in relation to the Huihong Share Award Scheme (30 June 2024: RMB2,772,000).

18 PERPETUAL CAPITAL INSTRUMENTS

	Principal RMB'000	Distribution RMB'000	Total RMB'000
Six months ended 30 June 2025 (Unaudited)			
Balance as at 1 January 2025	–	–	–
Transfer of perpetual capital instruments	–	–	–
Balance as at 30 June 2025	–	–	–
Six months ended 30 June 2024 (Unaudited)			
Balance as at 1 January 2024	500,000	78,942	578,942
Transfer of perpetual capital instruments	(500,000)	(78,942)	(578,942)
Balance as at 30 June 2024	–	–	–

The perpetual capital instruments which represent the corporate bonds, "19 Powerlong MTN002" with a principal amount of RMB500,000,000 at a coupon rate of 10.05% per annum, do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the perpetual capital Instruments are classified as equity instruments and recorded as part of equity in the consolidated balance sheet.

Due to the early maturity of the instrument on 9 April 2024, triggered by cross default protection clauses, the perpetual capital instrument was reclassified as a debt instrument during six months ended 30 June 2024.

19 BORROWINGS

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Borrowings included in non-current liabilities:		
Senior notes *(Note (a))*	**15,575,905**	15,638,997
Corporate bonds *(Note (b))*	**6,304,552**	6,298,743
Commercial mortgage backed securities	**2,115,367**	2,123,840
Assets-backed securities	**206,807**	206,749
Bank borrowings *(Note (c))*	**29,649,780**	31,005,152
– secured	**29,561,138**	30,915,141
– unsecured	**88,642**	90,011
Other borrowings – secured *(Note (d))*	**2,244,664**	2,392,417
Less: current portion of non-current borrowings	**(27,583,521)**	(26,124,348)
	28,513,554	31,541,550
Borrowings included in current liabilities:		
Other borrowings – secured *(Note (d))*	**14,300**	55,160
Add: Current portion of long-term borrowings	**27,583,521**	26,124,348
	27,597,821	26,179,508
Total borrowings	**56,111,375**	57,721,058

(a) Senior notes

As at 30 June 2025, senior notes of RMB15,575,905,000 (31 December 2024: RMB15,638,997,000) was listed on the Singapore Exchange Securities Trading Limited which contain various early redemption options. The options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant as at 30 June 2025 and 31 December 2024.

The Group's senior notes are guaranteed and secured by pledges of certain subsidiaries and non-PRC joint ventures.

As disclosed in the Group's announcement dated 29 November 2023, interest in the amount of US$15,916,250 on the 5.95% Senior Notes due April 2025 (ISIN: XS2250030090) issued by the Group was due and payable on 30 October 2023. As at 30 June 2025, the Group has not yet paid the related interest. The non-payment would result in an event of default under the terms of certain senior notes issued by the Group. The total amount of senior notes in default or cross-default was RMB15,575,906,000 as at 30 June 2025 (31 December 2024: RMB15,638,997,000).

19 BORROWINGS (continued)

(b) Corporate bonds

As at 30 June 2025, corporate bonds of RMB5,822,770,000 (31 December 2024: RMB5,821,390,000) are with the issuer's option to raise the coupon rate and the investor's option to sell back the bonds at the end of the second, third, fourth or fifth years. The options embedded in the corporate bonds are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above options was insignificant as at 30 June 2025 and 31 December 2024.

As disclosed in the announcement of Shanghai Powerlong Industrial Development Co., Ltd. ("Shanghai Powerlong"), a subsidiary of the Group, dated 27 February 2024, on 27 February 2024, Shanghai Powerlong failed to fully repay as scheduled the principal amount of RMB35 million that fell due on 27 February 2024 and the interest corresponding to the aforesaid principal amount during the period from 27 August 2023 to 26 February 2024 of the first tranche of medium-term notes of 2020 (Bond name: 20 寶龍 MTN001; bond code: 102001657). As at 30 June 2025, Shanghai Powerlong has not yet paid the principal and related interest. The non-payment would result in an event of default under the terms of certain corporate bonds issued by Shanghai Powerlong. The total amount of corporate bonds in default or cross-default was RMB2,047,500,000 as at 30 June 2025 (31 December 2024: RMB2,047,500,000).

As stated in Note 18, the perpetual capital instruments, representing the corporate bonds "19 Powerlong MTN002" with a principal amount of RMB500,000,000 at a coupon rate of 10.05% per annum, was transferred to borrowings during the six months ended 30 June 2024.

(c) Bank borrowings

As at 30 June 2025, bank borrowings of RMB29,561,138,000 (31 December 2024: RMB30,915,141,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 10), completed properties held for sale (Note 11) and restricted cash (Note 14); the secured bank borrowings of RMB6,475,805,000 (31 December 2024: RMB6,573,264,000) were additionally guaranteed by certain related parties (Note 29(b)(iii)).

As at 30 June 2025, the principal amount of certain bank borrowings of the Group had not been repaid on time, which together with the default or cross-default of offshore bonds issued by the Group, constituted default or cross-default of certain bank borrowings amounting to RMB4,996,128,000 (31 December 2024: RMB4,943,622,000) in total.

(d) Other borrowings

As at 30 June 2025, borrowings from other non-bank financial institutions of RMB2,258,964,000 (31 December 2024: RMB2,447,577,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 10) and completed properties held for sale (Note 11).

As at 30 June 2025, the Group had defaulted in the timely repayment of the principal amount of certain other borrowings, which constituted defaults on certain other borrowings in the total amount of RMB223,179,000 (31 December 2024: RMB254,039,000).

20 CONTRACT LIABILITIES

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Current contract liabilities		
– Related parties *(Note 29 (d))*	**20,298**	23,578
– Third parties	**12,783,982**	20,000,508
	12,804,280	20,024,086

Contract liabilities mainly represent the proceeds received from pre-sales of properties.

20 CONTRACT LIABILITIES (continued)

(a) Revenue recognised in relation to contract liabilities

The following table set out the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	**8,969,404**	10,237,641

(b) Unsatisfied performance obligations

The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as of 30 June 2025 and 31 December 2024.

21 TRADE AND OTHER PAYABLES

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade payables *(Note (a))*	**12,677,056**	11,599,907
– Related parties *(Note 29 (d))*	**23,545**	23,704
– Third parties	**12,498,099**	11,414,899
– Notes payable – third parties	**155,412**	161,304
Other payables and accruals	**20,778,831**	22,228,862
– Related parties *(Note 29(d))*	**8,094,239**	8,897,216
– Non-controlling interests	**3,760,133**	3,826,267
– Third parties *(Note (b))*	**8,924,459**	9,505,379
Value-added tax received in advance from customers	**1,151,417**	1,692,865
Payables for retention fee	**794,114**	810,978
Interest payable	**2,986,566**	1,950,039
Other tax payable	**1,432,774**	1,214,725
Payables for acquisition of land use rights	**23,517**	23,517
	39,844,275	39,520,893

21 TRADE AND OTHER PAYABLES (continued)

(a) As at 30 June 2025 and 31 December 2024, the ageing analysis of trade payables based on invoice date was as follows:

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within one year	10,085,811	10,955,816
Over one year	2,591,245	644,091
	12,677,056	11,599,907

(b) Amounts represent mainly cash advances from independent third parties for joint development projects and deposits from property purchasers.

(c) The Group's trade and other payables are mainly denominated in RMB, except for the interest payables of RMB1,457,541,000 (31 December 2024: RMB984,595,000) and RMB312,830,000 (31 December 2024: RMB233,457,000) denominated in US$ and HK$ respectively.

(d) The carrying amounts of trade and other payables approximate their fair value.

22 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2025 Unaudited RMB'000	2024 Unaudited RMB'000
Cost of properties sold – including construction cost, land cost and interest cost	7,326,330	10,208,457
Write-down of properties under development and completed properties held for sale	2,510,217	2,069,322
Staff costs and other labour costs (including directors' emoluments)	861,180	864,975
Advertising costs	161,692	177,355
Depreciation and amortisation	158,940	157,117
Hotel operating expenses	124,147	149,822
Outsourced security, greening and cleaning and maintenance costs	150,462	140,363
Utilities	123,729	129,004
Properties taxes	120,627	121,463
Office related expenses	18,666	20,059
Rental expense	2,420	4,176
Donations	4	22

23 FINANCE COSTS – NET

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Interest expense:		
– Borrowings	**1,721,249**	1,929,942
– Lease liabilities	**29,455**	86,748
	1,750,704	2,016,690
Less: finance costs capitalised	**(901,174)**	(1,552,672)
Foreign exchange losses on financing activities – net	**(186,104)**	149,017
Finance costs	**663,426**	613,035
Interest income of bank deposits	**(25,853)**	(42,097)
Finance costs – net	**637,573**	570,938

24 INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax:		
– PRC corporate income tax	**581,117**	761,787
– PRC land appreciation tax	**549,744**	723,973
	1,130,861	1,485,760
Deferred income tax:		
– PRC corporate income tax	**83,112**	(320,976)
– PRC land appreciation tax	**(708)**	(77,177)
	82,404	(398,153)
	1,213,265	1,087,607

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the group entities located in the PRC ("PRC subsidiaries") is 25% according to the Corporate Income Tax Law of the People's Republic of China effective on 1 January 2008.

24 INCOME TAX EXPENSE (continued)

PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the interim condensed consolidated financial information as the Group did not have assessable profit in Hong Kong for the period. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

25 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2025 Unaudited	2024 Unaudited
Loss attributable to owners of the Company (RMB'000)	**(2,652,343)**	(2,622,869)
Weighted average number of ordinary shares in issue (thousand shares)	**4,140,403**	4,140,403
Basic loss per share (RMB cents per share)	**(64.1)**	(63.3)

(b) Diluted

Since there was no dilutive potential ordinary shares during the six months ended 30 June 2025, diluted loss per share is equal to basic loss per share (30 June 2024: same).

26 DIVIDENDS

No interim dividend in respect of the six months ended 30 June 2025 was proposed by the Board (six months ended 30 June 2024: Nil).

27 FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties *(Note (a))*	**13,409,131**	16,166,946
Guarantees for borrowings of joint ventures and associates *(Note (b))*	**717,760**	764,050
	14,126,891	16,930,996

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of 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 interest and penalty owed by the defaulted 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 mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore the fair value of these financial guarantees is immaterial.

(b) Amounts represent principal amounts of the loans of the joint ventures and associates guaranteed by the Group. The Directors consider that the fair value of these contracts at the date of inception was minimal, the repayment was on schedule and risk of default in payment was remote, therefore no provision has been made in the financial statements for the guarantees.

28 COMMITMENTS

(a) Commitments for property development expenditures

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Contracted but not provided for:		
– Property development activities	**6,873,819**	7,046,342
	6,873,819	7,046,342

28 COMMITMENTS (continued)

(b) Leases commitments

As at 30 June 2025 and 31 December 2024, the Group did not have any material short-term lease commitments.

29 RELATED PARTY TRANSACTIONS

(a) Ultimate controlling shareholder and controlling shareholders

Name	Relationship
Mr. Hoi Kin Hong	The ultimate controlling shareholder and also the director of the Company
The Controlling Shareholders, including Ms. Wong Lai Chan, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan	A close family member of ultimate controlling shareholder, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan are also the directors of the Company

(b) Transactions with related parties

(i) During the six months ended 30 June 2025 and 2024, the Group had the following significant transactions with related parties:

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Nature of transaction		
Controlled by the ultimate controlling shareholder		
Rental income	**369**	389
Purchase of office equipment and security intelligentisation system services from related parties	**10,605**	1,888
Companies significantly influenced by Controlling Shareholder		
Purchase of digitalisation services	**3,426**	7,794
Controlled by the Controlling Shareholders		
Rental expenses	**6,030**	–
Interest expenses	**52,432**	–
Joint ventures and associates		
Sales of construction materials	**7,024**	8,484
Interest income	**–**	2,137
Consultation services provided	**5,970**	10,525
Commercial operational services and residential properties management services provided	**5,203**	15,886

The above transactions were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year.

29 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties (continued)

(ii) The Group have provided guarantees for borrowings of certain joint ventures and associates of RMB717,760,000 as at 30 June 2025 (31 December 2024: RMB764,050,000) (Note 27).

(iii) Certain related parties have provided guarantees for the Group's bank borrowings of RMB6,475,805,000 as at 30 June 2025 (31 December 2024: RMB6,573,264,000) (Note 19(c)).

(iv) In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(c) Key management compensation

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
	RMB'000	RMB'000
Key management compensation		
– Salaries and other employee benefits	**8,073**	10,597
– Pension costs	**719**	903
	8,792	11,500

29 RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties

As at 30 June 2025 and 31 December 2024, the Group had the following material balances with related parties:

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Amounts due from related parties included in trade receivables *(Note (i))*:		
Companies controlled by the ultimate controlling shareholder	4,171	2,489
Joint ventures	52,330	51,326
Associates	11,141	11,665
	67,642	65,480
Amounts due from related parties included in other receivables *(Note (iii))*:		
Controlled controlled by the ultimate controlling shareholder	21,376	21,376
Joint ventures	7,912,600	8,209,739
Associates	1,137,508	1,161,614
	9,071,484	9,392,729
Amounts due to related parties included in trade payables *(Note (ii))*:		
Companies controlled by the ultimate controlling shareholder	23,545	23,172
Joint ventures	–	532
	23,545	23,704
Amounts due to related parties included in other payables *(Note (iii))*:		
Companies controlled by the ultimate controlling shareholder	1,973,775	1,863,870
Joint ventures	2,723,663	2,815,416
Associates	3,396,801	4,217,930
	8,094,239	8,897,216

29 RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties (continued)

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Amounts due to related parties included in contract liabilities *(Note (iv))*:		
Joint ventures	6,649	6,142
Associates	13,649	17,436
	20,298	23,578

(i) Amounts due from joint ventures and associates included in trade receivables are mainly derived from consulting services provided to joint ventures and associates.

(ii) Amounts due to related parties included in trade payables are mainly derived from purchase of office equipment and security intelligentisation system services, which are unsecured, interest-free and to be settled according to contract terms.

(iii) Except for an amount due to companies controlled by the ultimate controlling shareholder of approximately RMB1,958,015,000 (31 December 2024: nil), which is unsecured and interest-bearing at 5.4% (2024: nil) per annum, amounts due from/to related parties included in other receivables/payables are cash advances in nature, which are unsecured, interest-free and receivable/repayable on demand.

(iv) Amounts due to related parties included in contract liabilities mainly consist of advances paid for purchase of properties and consulting services.

30 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

As set out in the Company's announcements dated 7 March 2025, 31 March 2025, 12 May 2025 and 14 July 2025, a liquidation application has been filed in a British Virgin Islands court against Powerlong Real Estate (BVI) Holdings Limited, a wholly-owned subsidiary of the Company, and the date of hearing of the liquidation application has been further adjourned to 17 November 2025 (or the next available date before 4 December 2025). The Company will closely monitor the development in relation to the liquidation application.