廣州富力地產股份有限公司

GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 2777)

2026 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026. The condensed consolidated interim financial information appended at the end of this announcement forms an integral part of this announcement. The interim results have been reviewed by the audit committee of the Company.

BUSINESS REVIEW

On behalf of the Board of Directors, I present the interim report of the Group for the six months ended 30 June 2026. The first half of 2026 was marked by challenging economic conditions exacerbated by ongoing conflict between the U.S. and Iran that significantly raised global oil prices and cutoff supply creating a shortage globally. While there have been temporary truces and diplomatic memorandums signed, persistent conflicts have plagued any possibility of an end leaving uncertainty to control of the Strait of Hormuz and long-term effects to oil prices and supply. As a result, inflation concerns and economic uncertainty have driven many major central banks, notably the U.S. Federal Reserve and European Central Bank, to maintain a cautious stance to monetary easing and reluctance to reduce nominal interest rates to stimulate the economy. A longer higher interest environment leads to higher cost of capital, constrained debt refinancing options and added impact to inflationary pressures.

The global challenges have a ripple effect in the Asian region, specifically China with gross domestic product growth hovering around 4.5% – 5.0%. Historical drivers of growth such as manufacturing and China property continue to experience a slump as global demand for exports have been impacted by trade tariffs whilst financial distress in the property sector have dampened consumer confidence. However, over the past year, there has been a structural transition toward high-tech manufacturing and innovation including A.I. development, robotics, semiconductors, electric vehicles and technological advancements. The emergence of a new economy has helped China to challenge the global A.I. race and in some technology spaces become a leader in the field.

China's property sector remains subdued as a result of financial stress and weaker retail consumption due to economic uncertainty and rising unemployment. Despite growths in A.I. and technology, the past years downturn in China's property sector still play a significant factor in the economy. In the first half of 2026, contracted sales and new construction starts continue to experience drops year-on-year although Tier-1 luxury residential markets have had positive signs of regional market activity. In response, the Government has issued new guidelines for the sector and shifting away from high leverage, high debt and high turnover to asset quality and urban renewal to return consumer confidence back to the sector.

In terms of the Group's performance in the first half, contracted sales performance were steady when compared to the same period in 2025, increasing slightly to RMB7.35 billion and gross floor area of over 1.1 million sq.m. which is a significant increase when compared to the previous period. Despite difficult market conditions, the resilient sales performance is encouraging signs that the Group has adopted a sustainable sales strategy to maintain momentum. The Group has reduced the amount of new starts under the current financial constraints to focus on sale of existing inventory to generate liquidity. Managing cashflow and financial liquidity remains the primary objective until sector dynamics improve. New land purchases have largely ceased and under-development projects are limited to funds available from presales.

The Group continues to progress its debt reorganisation after receiving sufficient noteholder approvals late in 2025. Based on the restructuring plan, the professional restructuring and legal advisers are preparing the extensive documentation to be submitted into Hong Kong courts to approve the restructuring scheme (the "Scheme"). A court convening date has been scheduled in the second half of 2026 to hear the Scheme, and subject to any disputes by other creditors, will be endorsed by a judge and implemented by the beginning of 2027. After achieving a significant milestone of receiving noteholder approvals, discussions with a representative consortium group to document details of the submission to courts has been very productive, raising confidence the Scheme will be ready according to the timetable.

The Group's financial performance in the first half continues to be affected by insufficient turnover as a result of a decrease in gross profit margin from property development although sales from other inventory increased. Whilst steadying contracted sales performance is encouraging after several financial periods of significant decline, the scale and gross margins recorded are still below financial impacts from losses, inventory devaluations, negative costs of financing and costs of ongoing legal disputes. Second half generally provides a larger contribution when compared to first half but full year financial earnings will continue to be under pressure.

Whilst difficult to predict external macro factors, the Government's continued push for fiscal measures in China combined with steady growth in domestic service consumption should help progressive destocking of real estate inventory leading to further signs of market improvement. Despite the Group's first half financial performance, a period of stabilising contract sales and encouraging debt restructuring progress is seen as important sign to a longer-term recovery. The Group intends to carry the recovery momentum into the second half of 2026 by focusing on completing sales targets and resolving legal disputes arising from financial defaults. The Group's management team and senior executives remains confident to navigate these challenging operational conditions by maintaining financial discipline and adapting our business models.

FINANCIAL REVIEW

Revenue

The revenue of the Group mainly derived from property development, rental of investment properties and hotel operation. Revenue generated from property development increased by 30% to RMB5.424 billion, from RMB4.165 billion for the corresponding period of the previous year. This increase was driven by the delivery of 553,400 sq.m. of sold properties in the period, approximately 20% more than the 460,960 sq.m. delivered in the previous period. Overall average selling price for the period was approximately RMB9,800 per sq.m. (1H2025: RMB9,000 per sq.m.).

Rental income from property investment increased by approximately 10% to RMB343 million for the period, compared to RMB313 million in the first half of 2025. Hotel operations revenues remained stable and was broadly in line with the corresponding period of the previous year.

Cost of Sales

The Group's Cost of sales primarily represents the costs incurred directly for the Group's property development activities. The components of cost of sales include land and construction costs, capitalised finance costs and levy taxes. In the first half of 2026, cost of sales of the Group was RMB6.469 billion, representing an increase of 44% compared with RMB4.506 billion in the previous period. The increase was mainly attributable to the growth in revenue from property development.

During the period, land and construction costs made up 84% of the total costs of property development. In terms of costs per sq.m., land and construction costs increased to RMB7,990 from RMB6,200. Capitalised interest included in the cost of sales amounted to RMB764 million (1H2025: RMB437 million), 14% as a percentage of revenue from sale of properties. The cost of sales also included RMB55 million (1H2025: RMB62 million) as levy taxes.

Gross Profit

The Group's gross profit decreased by 50% to RMB629 million for the six months ended 30 June 2026, from RMB1.259 billion for the corresponding period in 2025. The decrease of gross profit was mainly due to a decline in the gross profit margin of property development. The gross profit margin for property development during the period was 3.4%, representing a decrease of 16.0 percentage points compared with 19.4% in the first half of 2025.

Other (Expense)/Income and Other Losses – net

Other (expense)/income and other losses – net mainly consists of interest income, losses on the disposal of interests in joint ventures, gains from domestic bond restructuring and losses on derecognition of then subsidiaries. During the period, the Group recorded a net loss of RMB294 million under other (expense)/income and other losses – net, compared with a net gain of RMB119 million in the first half of 2025.

Selling and Marketing Costs and Administrative Expenses

In the first half of 2026, the Group's selling and marketing costs decreased by 21% to RMB358 million, from RMB453 million in the first half of 2025. These decreases were primarily attributable to the stringent cost control measures implemented by the Group to address liquidity pressure. Administrative expenses were RMB1.541 billion, broadly comparable to RMB1.520 billion in the corresponding period of the previous year. Personnel costs remained the largest component of administrative expenses.

Finance Costs – net

Finance costs – net, representing the total interest expenses incurred in the period, after deducting amounts capitalised to development costs. In the first half of 2026, finance costs – net increased by 18% to RMB2.836 billion from RMB2.394 billion for the corresponding period of the previous year. Total interest expenses incurred in the period was RMB4.976 billion (1H2025: RMB4.249 billion). Together with RMB764 million charged to the cost of sales related to capitalized interest, the total finance costs incurred during the period amounted to RMB3.600 billion (1H2025: RMB2.831 billion).

Income Tax Expenses

Income tax expenses of the Group primarily include land appreciation tax (LAT) and enterprise income tax. The total income tax expenses for the six months ended 30 June 2026 was RMB324 million (1H2025: RMB1.216 billion). Out of the amount, LAT accounted for RMB625 million (1H2025: RMB1.140 billion) and enterprise and deferred income tax represented a credit of RMB301 million (1H2025: RMB76 million).

Profitability

The Group recorded a net loss of RMB5.307 billion for the six months ended 30 June 2026, compared with a net loss of RMB4.082 billion for the period ended 30 June 2025. The net loss for the period was primarily attributable to the continued downturn in the real estate industry in the PRC, which has weakened buyer's confidence and resulted in a decrease in gross profit margin from property development. In addition, the increase in the finance costs incurred during the period also contributed to the higher net loss for the period.

OTHER INFORMATION

Interim Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

Purchase, Redemption or Sale of Listed Securities of the Company

The Company has redeemed a total principal amount of RMB1.7891 million domestic bonds during the six months ended 30 June 2026. As at 30 June 2026, the outstanding aggregate principal amount of domestic bonds of the Company was RMB12.194 billion.

Save as disclosed above, during the six months ended 30 June 2026, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

Compliance with the Model Code by Directors and Supervisors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix C3 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the six months ended 30 June 2026.

Compliance with the Corporate Governance Code

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other applicable laws and regulations. In particular, it has complied with the code provisions set out under the Corporate Governance Code as stated in Appendix C1 of the Listing Rules throughout the six months ended 30 June 2026.

Audit Committee

The audit committee of the Company was established with written terms of reference in accordance with Appendix C1 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. There were no disagreements from the audit committee on the accounting policies adopted by the Company.

The audit committee comprises Mr. Wong Chun Bong (chairman of the audit committee) and Mr. Chow Oi Wah, Fergus who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2026.

ACKNOWLEDGEMENTS

On behalf of the Board, I extend my sincere gratitude to our shareholders, business partners, and clients for their ongoing trust. I also express my appreciation to our management team and employees for their dedication during this reporting period.

By Order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

Hong Kong, 27 August 2026

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Hui, Mr. Xiang Lijun and Mr. Zhao Feng; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Ng Yau Wah, Daniel, Mr. Wong Chun Bong and Mr. Chow Oi Wah, Fergus.

* *For identification purpose only*

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	**Unaudited 30 June 2026**	Audited 31 December 2025
ASSETS			
Non-current assets			
Property, plant and equipment		**17,905,306**	19,102,130
Right-of-use assets		**2,756,852**	2,851,803
Investment properties		**28,496,013**	28,754,770
Intangible assets		**460,386**	477,678
Interests in joint ventures		**5,508,990**	7,348,144
Interests in associates		**3,049,992**	2,871,687
Deferred income tax assets		**9,297,479**	8,910,536
Financial assets at fair value through other comprehensive income ("FVOCI")		**131,434**	102,617
Other financial assets		**32,665**	32,671
		67,639,117	70,452,036
Current assets			
Properties under development		**102,946,573**	108,466,895
Completed properties held for sale		**35,024,095**	35,170,458
Inventories		**1,370,309**	1,199,425
Trade and other receivables and prepayments	*5*	**47,207,481**	47,100,770
Contract assets		**191,044**	25,582
Tax prepayments		**3,319,913**	3,391,244
Restricted cash		**1,743,374**	2,103,024
Cash and cash equivalents		**856,379**	956,199
		192,659,168	198,413,597
Total assets		**260,298,285**	268,865,633

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited 30 June 2026	Audited 31 December 2025
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,752,367**	3,752,367
Other reserves		**9,263,056**	9,658,111
Accumulated losses		**(22,624,195)**	(17,516,611)
		(9,608,772)	(4,106,133)
Non-controlling interests		**11,977,901**	12,258,000
Total equity		**2,369,129**	8,151,867
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**14,683,203**	5,985,509
Lease liabilities		**16,534**	19,376
Deferred income tax liabilities		**8,766,407**	8,777,822
Other payables	*6*	**610,677**	509,615
		24,076,821	15,292,322
Current liabilities			
Accruals and other payables	*6*	**106,980,275**	104,968,116
Contract liabilities		**17,829,276**	21,122,544
Current income tax liabilities		**25,798,055**	25,542,780
Short-term borrowings		**2,691,293**	2,688,825
Current portion of long-term borrowings		**80,150,679**	90,698,592
Lease liabilities		**16,295**	14,125
Dividend payable		**369,787**	369,787
Derivative financial instruments		**16,675**	16,675
		233,852,335	245,421,444
Total liabilities		**257,929,156**	260,713,766
Total equity and liabilities		**260,298,285**	268,865,633

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	**Unaudited Six months ended 30 June 2026**	2025
Revenue	*4*	**7,097,906**	5,765,053
Cost of sales		**(6,469,129)**	(4,506,006)
Gross profit		**628,777**	1,259,047
Other (expense)/income	*7*	**(226,208)**	349,474
Other losses – net	*8*	**(67,565)**	(230,385)
Selling and marketing costs		**(358,050)**	(452,890)
Administrative expenses		**(1,540,974)**	(1,520,020)
Net impairment (losses)/gains on financial and contract assets		**(478,999)**	22,153
Operating loss		**(2,043,019)**	(572,621)
Finance costs – net	*9*	**(2,835,975)**	(2,393,758)
Share of results of joint ventures		**(58,407)**	75,043
Share of results of associates		**(46,103)**	25,306
Loss before income tax		**(4,983,504)**	(2,866,030)
Income tax expenses	*10*	**(323,849)**	(1,216,091)
Loss for the period		**(5,307,353)**	(4,082,121)
Loss attributable to:			
– Owners of the Company		**(5,268,192)**	(4,046,337)
– Non-controlling interests		**(39,161)**	(35,784)
		(5,307,353)	(4,082,121)
Basic and diluted losses per share for loss attributable to owners of the Company (expressed in RMB Yuan per share)	*11*	**(1.4040)**	(1.0783)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited Six months ended 30 June **2026**	 2025
Loss for the period	**(5,307,353)**	(4,082,121)
Other comprehensive (loss)/income, net		
Items that will not be reclassified to profit or loss		
– Change in fair value of financial assets at fair value through other comprehensive income, net of tax	**(131,791)**	(166,807)
Items that may be reclassified to profit or loss		
– Share of other comprehensive income of joint ventures and associates accounted for using the equity method	**(36)**	311
– Currency translation differences	**(264,405)**	570,322
Other comprehensive (loss)/income for the period, net of tax	**(396,232)**	403,826
Total comprehensive loss for the period	**(5,703,585)**	(3,678,295)
Total comprehensive loss for the period attributable to:		
– Owners of the Company	**(5,664,424)**	(3,642,511)
– Non-controlling interests	**(39,161)**	(35,784)
	(5,703,585)	(3,678,295)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

This condensed consolidated interim financial information is presented in RMB Yuan (RMB), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 27 August 2026.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2026 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") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Going concern basis

The Group incurred a loss attributable to the owners of the Company of RMB5.268 billion for the six months ended 30 June 2026 and as of that date, the Group's current liabilities were in excess of current assets by approximately RMB41.193 billion. The Group's total bank borrowings, domestic bonds, senior notes and other borrowings (including short-term borrowings, long-term borrowings and current portion of long-term borrowings and accruals and other payables) amounted to RMB106.589 billion, of which RMB91.295 billion will be due for repayment within the next 12 months after the end of the reporting period while the Group has total cash including restricted cash of RMB2.600 billion only.

Moreover, as at 30 June 2026, the Group was unable to repay certain bank and other borrowings of RMB43.831 billion according to their scheduled repayment dates, and subsequent to 30 June 2026 and up to the date of approval of these condensed consolidated interim financial statements, the Group was unable to repay certain bank and other borrowings of RMB4.157 billion that are due for repayment. As a result, bank borrowings and other borrowings with an aggregate principal amount of RMB77.154 billion was in default or cross-default. The Group has received certain demand letters, acceleration notices and legal letters with respect to these defaulted borrowings.

In view of the Group's tight liquidity position, the Group has failed to pay the interests of three series of senior notes with principal amount of RMB30.834 billion (approximately USD4.527 billion) starting from August 2024.

Furthermore, the Group has been involved in various litigation cases related to unrepaid borrowings, construction disputes and other matters for which the Group has made provision. These events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company (the "Directors") have carefully considered the Group's cash flow forecast for the next 18 months from 30 June 2026 and have given due consideration to the matters that give rise to significant doubt as to its ability to continue as a going concern, and accordingly, have come up with various plans and measures to ensure the Group to have sufficient financial resources to continue as a going concern and pay its debts when they fall due. The plans and measures that have been taken or will be taken that are expected to enable the Group to generate sufficient financial resources to meet its financial commitments as and when they fall due, include, but not limited to, the following:

I. Offshore Restructuring

– On 16 December 2024, the Company announced a restructuring proposal (the "Offshore Restructuring") for the restructuring of its offshore debt (the "In-Scope Debt") and the related terms of the restructuring support agreement (the "RSA"). The key terms of the Offshore Restructuring were set out in a restructuring term sheet appended to the RSA. The In-Scope Debt comprises three 6.5% Cash/7.5% PIK senior notes due in 2025, 2027 and 2028 respectively issued by Easy Tactic Limited (the "Notes Issuer"), a subsidiary of the Company, and any other financial indebtedness of the Group as designated by the Company, the Notes Issuer and R&F Properties (HK) Company Limited ("R&F (HK)", and together with the Company and the Notes Issuer, the "Transaction Companies") at their sole discretion.

As of the date of approval of these consolidated financial statements, the progress of the Offshore Restructuring is as follows:

- On 14 October 2025, the Transaction Companies entered into an amendment agreement to effect certain amendments to the RSA (the RSA as amended by the amendment agreement, the "Amended RSA"), including a revised restructuring term sheet in the form appended to the Amended RSA (the "Amended and Restated Restructuring Term Sheet"), which were considered beneficial to the interests of the scheme creditors and other stakeholders as a whole.

- As of 12 December 2025, scheme creditors representing over 77% of the aggregate outstanding principal amount of the In-Scope Debt have acceded to the Amended RSA. This is a significant milestone towards implementation of the Offshore Restructuring.

- As of the date of approval of these consolidated financial statements, the Offshore Restructuring is in progress. The Transaction Companies are fully committed to implementation of the Offshore Restructuring on the basis of the terms set out in the Amended and Restated Restructuring Term Sheet and are working closely with its advisors, as well as with key creditors and their advisors to advance the Offshore Restructuring, including the drafting and negotiation of the scheme documents and the new finance documents required for the implementation of the Offshore Restructuring. A court convening date has been scheduled in the second half of 2026 to hear the restructuring scheme, and subject to any disputes by other creditors, will be endorsed by a judge and implemented by the beginning of 2027.

The Offshore Restructuring entails a significant deleveraging of the Group's offshore indebtedness, which will enable the Company to better manage its operations and deliver long-term value for its stakeholders upon consummation.

Further details of the restructuring of the In-Scope Debt are set out in the announcements of the Company dated 16 December 2024, 23 January 2025, 28 February 2025, 31 March 2025, 16 May 2025, 31 July 2025, 12 September 2025, 26 September 2025, 10 October 2025, 14 October 2025, 14 November 2025 and 28 November 2025.

II. Onshore Restructuring

– In view of the Company's overall operating situation, the Company has proposed to offer a holistic restructuring of the Company's domestic corporate bonds for the Company's domestic bondholders (the "Onshore Restructuring"), including cash repurchase (現金購回), debt settlement with assets (以物抵債), debt offsetting by accounts receivable trust units (應收賬款信託份額抵債), debt offsetting by asset trust units (資產信託份額抵債), payment via equity economic income right (股票經濟收益權兑付) and full debt retention and long-term extension (全額留債長展期).

- In November 2025, the restructuring proposal in relation to one of the domestic bonds in the outstanding principal amount of approximately RMB1.68 billion has been passed in the relevant bondholders' meeting.

- In June 2026, the restructuring proposal in relation to one of the domestic bonds in the outstanding principal amount of approximately RMB377 million has been passed in the relevant bondholders' meeting.

- The Company will continue to advance the Onshore Restructuring by convening bondholders' meetings for the remaining domestic bonds within the scope of the Onshore Restructuring. If the Onshore Restructuring plan can be smoothly implemented and completed, it will ease the Company's short-term debt repayment pressure, reduce the Company's debt ratio, optimize the debt structure, and improve the financial situation; at the same time, it will enable the Company to focus more on its core business, stabilize operations, and improve operational capabilities.

As of the date of these consolidated financial statements, the Onshore Restructuring is in progress. Further details of the Onshore Restructuring plan are set out in the announcements of the Company dated 10 September 2025, 11 November 2025 and 2 July 2026.

III. Other progress

In addition to the above, during the six months ended 30 June 2026,

– the Group has been in active discussions with the relevant existing lenders to extend, refinance or restructure the Group's borrowings and has successfully extended certain borrowings;

– the Group will continue to seek suitable opportunities to dispose of the equity interest in certain project development companies to generate additional cash inflows;

– the Group has continued to seek for new sources of financing to address upcoming financial obligations and future operating cash flow requirements. These efforts are ongoing and take time to formulate or implement due to ongoing changes in market conditions;

– the Group has continued to use its best endeavours to reach a solution on the outstanding litigation of the Group. The Group is confident that it will be able to reach a solution to address the litigation cases but also dispute claims referred in litigation cases where the outcomes are not certain at this stage;

– 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; and

– the Group has continued to make adjustments to control administrative costs and contain unnecessary capital expenditures to preserve liquidity as well as to actively assess additional measures to further reduce discretionary spending.

The Directors considered that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least 12 months from 30 June 2026. Accordingly, the Directors are of the opinion that it is appropriate to prepare the condensed consolidated financial statements of the Group for the period ended 30 June 2026 on a going concern basis.

However, the validity of the going concern assumption depends upon the successful outcome of the Group's plans and measures, including:

(i) the successful and timely formulation and implementation of the Offshore Restructuring and Onshore Restructuring plans;

(ii) the successful negotiation with existing lenders to extend, refinance or restructure of the Group's borrowings and not to demand immediate repayment until the Group generated sufficient cash flows therefrom;

(iii) the successful disposal of the equity interest in certain project development companies to generate additional cash inflows;

(iv) the successful solution of ongoing litigation cases which have not yet reached a definite outcome;

(v) the successful acceleration of 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; and

(vi) the successful implementation of the Group's business strategy plan and cost control measures so as to improve the Group's working capital and cash flow position.

These 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 discharges its liabilities in the normal course of business.

Should the Group fail to achieve the intended effects resulting from the above-mentioned plans and measures on a timely basis, it may be unable to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2025 financial statements as described therein.

New and amended standards and interpretation adopted by the Group

The following new or amended standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2026.

Standards	Subject
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

None of the new or amended standards have a material effect on the reported results or financial position of the Group for both current and prior reporting periods. The Group has not early applied any new or amended standards or interpretations that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and other related services. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of loss for the period. The information provided to the Executive Directors is measured in a manner consistent with that in the financial statements.

(All amounts in RMB Yuan thousands unless otherwise stated)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2026 and 2025 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Six months ended 30 June 2026					
Segment revenue	**5,423,701**	**425,094**	**836,121**	**527,055**	**7,211,971**
Inter-segment revenue	**–**	**(82,565)**	**(9,363)**	**(22,137)**	**(114,065)**
Revenue from external customers	**5,423,701**	**342,529**	**826,758**	**504,918**	**7,097,906**
(Loss)/profit for the period	**(3,493,844)**	**198,440**	**(128,396)**	**(1,883,553)**	**(5,307,353)**
Finance costs – net	**(2,522,332)**	**(70,335)**	**(28,821)**	**(214,487)**	**(2,835,975)**
Share of results of joint ventures	**(59,601)**	**–**	**–**	**1,194**	**(58,407)**
Share of results of associates	**(45,506)**	**–**	**–**	**(597)**	**(46,103)**
Income tax (expenses)/credits	**(320,402)**	**(68,281)**	**50,827**	**14,007**	**(323,849)**
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	**(105,461)**	**–**	**(233,962)**	**(121,164)**	**(460,587)**
Amortisation of incremental costs for obtaining contracts with customers	**(227,825)**	**–**	**–**	**–**	**(227,825)**
Provision for impairment losses on financial assets, net of reversal	**(426,276)**	**(1,292)**	**(4,240)**	**(47,191)**	**(478,999)**

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2025					
Segment revenue	4,200,747	399,090	842,718	481,663	5,924,218
Inter-segment revenue	(35,489)	(85,917)	(15,419)	(22,340)	(159,165)
Revenue from external customers	4,165,258	313,173	827,299	459,323	5,765,053
(Loss)/profit for the period	(3,875,417)	148,392	25,915	(381,011)	(4,082,121)
Finance costs – net	(2,126,702)	(83,451)	(12,293)	(171,312)	(2,393,758)
Share of results of joint ventures	75,159	–	–	(116)	75,043
Share of results of associates	39,957	–	–	(14,651)	25,306
Income tax (expenses)/credits	(1,200,893)	(39,824)	37,822	(13,196)	(1,216,091)
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(123,769)	–	(217,081)	(144,431)	(485,281)
Amortisation of incremental costs for obtaining contracts with customers	(240,015)	–	–	–	(240,015)
Provision for impairment losses on financial assets, net of reversal	21,082	33	197	841	22,153

(All amounts in RMB Yuan thousands unless otherwise stated)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim income statement.

	Property development	Property investment	Hotel operations	All other segments	Group
As at 30 June 2026					
Segment assets	**202,327,607**	**28,806,054**	**12,119,703**	**7,583,343**	**250,836,707**
Segment assets include:					
Interests in joint ventures	**5,506,073**	**–**	**–**	**2,917**	**5,508,990**
Interests in associates	**2,984,132**	**–**	**–**	**65,860**	**3,049,992**
Segment liabilities	**120,333,535**	**769,148**	**768,432**	**3,968,404**	**125,839,519**
As at 31 December 2025					
Segment assets	211,185,643	28,920,468	13,096,300	6,617,398	259,819,809
Segment assets include:					
Interests in joint ventures	7,345,886	–	–	2,258	7,348,144
Interests in associates	2,805,759	–	–	65,928	2,871,687
Addition to non-current assets (other than financial instruments and deferred income tax assets)	25,201	–	2,796	49,791	77,788
Segment liabilities	121,897,827	825,347	766,333	3,530,731	127,020,238

(All amounts in RMB Yuan thousands unless otherwise stated)

5. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at **30 June 2026**	As at 31 December 2025
Trade receivables – net	**2,105,659**	2,135,748
Other receivables – net	**19,546,489**	20,340,012
Prepayments	**3,302,649**	3,282,506
Capitalised costs to obtain contracts	**611,017**	767,277
Due from joint ventures	**4,422,966**	4,106,425
Due from associates	**11,655,528**	11,360,526
Amounts due from then subsidiaries	**5,563,173**	5,108,276
Total	**47,207,481**	47,100,770

As at 30 June 2026, trade receivables were mainly derived from sale of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

	As at **30 June 2026**	As at 31 December 2025
Trade receivables		
– Due from third parties	**1,843,138**	1,913,265
– Due from joint ventures	**480,460**	437,669
– Due from associates	**11,706**	16,660
– Due from entities jointly controlled by major shareholders of the Company and other related parties of the Company	**7**	12
Total	**2,335,311**	2,367,606
Less: loss allowance	**(229,652)**	(231,858)
	2,105,659	2,135,748

At 30 June 2026 and 31 December 2025, the ageing analysis of trade receivables is as follows:

	As at **30 June 2026**	As at 31 December 2025
Up to 1 year	**843,851**	784,343
1 year to 2 years	**623,244**	655,328
2 years to 3 years	**99,997**	107,868
Over 3 years	**768,219**	820,067
	2,335,311	2,367,606

(All amounts in RMB Yuan thousands unless otherwise stated)

6. ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2026	31 December 2025
Amounts due to joint ventures	**10,602,300**	11,877,934
Amounts due to associates	**396,020**	389,302
Amounts due to entities jointly controlled by major shareholders and other related parties of the Company	**173,122**	174,181
Amounts due to major shareholders	**1,004,365**	996,926
Amounts due to then subsidiaries	**763,375**	623,551
Amounts due to a shareholder of certain joint ventures *(Note (a))*	**8,054,456**	7,695,967
Construction payables *(Note (b))*	**34,924,142**	34,717,787
Other payables and accrued charges *(Notes (c) and (d))*	**51,673,172**	49,002,083
Total	**107,590,952**	105,477,731
Less: non-current portion *(Note (a))*	**(610,677)**	(509,615)
Current portion	**106,980,275**	104,968,116

Notes:

(a) The balance was secured by the Group's shares in certain wholly-owned subsidiaries, the Group's right to receive the economic benefits deriving from one property development project and the guarantee provided by the Company.

(b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(c) The balance mainly represents interest payables, accruals, salary payables and other taxes payable excluding income tax.

(d) The carrying amounts of accruals and other payables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

7. OTHER (EXPENSE)/INCOME

	Six months ended 30 June	
	2026	2025
Interest income	**13,909**	9,793
Other operating (expense)/income	**(249,520)**	333,529
Forfeited deposits from customers	**9,219**	5,105
Others	**184**	1,047
	(226,208)	349,474

8. OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2026	2025
Loss on disposal of a joint venture	**(157,194)**	–
Modification gains on domestic bonds	**323,699**	–
Gains on disposals of property, plant and equipment	**3,264**	4,775
Losses on disposals of intangible assets	**(234)**	–
Losses on derecognition of then subsidiaries	**(105,139)**	–
Fair value loss on other financial assets	**(6)**	(12)
Others	**(131,955)**	(235,148)
	(67,565)	(230,385)

9. FINANCE COSTS – NET

	Six months ended 30 June	
	2026	2025
Interest expenses:		
– bank borrowings	**2,141,765**	1,755,463
– domestic bonds	**503,168**	522,837
– senior notes	**1,429,238**	1,126,382
– other borrowings	**900,281**	843,097
– lease liabilities	**1,297**	1,692
	4,975,749	4,249,471
Net foreign exchange gains	**(971,511)**	(174,747)
Less: finance costs capitalised	**(1,168,263)**	(1,680,966)
	2,835,975	2,393,758

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2026	2025
Current income tax		
– Hong Kong profits tax *(Note (a))*	**–**	–
– Enterprise income tax *(Note (b))*	**23,620**	(367,008)
– PRC land appreciation tax *(Note (c))*	**625,378**	1,140,287
Deferred income tax	**(325,149)**	442,812
	323,849	1,216,091

Notes:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the period (six months ended 30 June 2025: Nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the period ended 30 June 2026, the companies in the PRC, Cambodia and Malaysia were primarily taxed at 25%, 20% and 24% (six months ended 30 June 2025: 25%, 20% and 24%) on their profits, respectively.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

11. BASIC AND DILUTED LOSSES PER SHARE

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

	Six months ended 30 June	
	2026	2025
Loss attributable to owners of the Company	**(5,268,192)**	(4,046,337)
Weighted average number of ordinary shares in issue (thousands)	**3,752,367**	3,752,367
Losses per share (RMB per share)	**(1.4040)**	(1.0783)

There were no dilutive potential ordinary shares for for the six months ended 30 June 2026 and 2025, thus diluted losses per share were the same as basic losses per share.

12. DIVIDENDS

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).