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POWERLONG
宝龙

POWERLONG REAL ESTATE HOLDINGS LIMITED
寶 龍 地 產 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1238)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

RESULTS HIGHLIGHTS

For the six months ended 30 June 2026

- Contracted sales amounted to approximately RMB3,420 million, and contracted sales area amounted to approximately 332,199 square meters;

- Revenue amounted to approximately RMB8,184 million, representing a decrease of approximately 38.2% as compared with the corresponding period in 2025;

- Rental income and income from provision of commercial operational services and residential property management services amounted to approximately RMB1,913 million, representing a decrease of approximately 10.8% as compared with the corresponding period in 2025;

- Loss attributable to owners of the Company narrowed significantly to approximately RMB592 million, as compared with approximately RMB2,652 million for the corresponding period of 2025, representing a year-on-year reduction of approximately 77.7%.

The board (the "**Board**") of directors (the "**Directors**") of Powerlong Real Estate Holdings Limited (the "**Company**" or "**Powerlong**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026, together with the comparative figures for the corresponding period in 2025, as follows:

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2026 Unaudited** ***RMB'000***	31 December 2025 Audited *RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**5,043,416**	5,162,387
Investment properties	*3*	**69,421,735**	74,527,594
Intangible assets		**2,730**	3,059
Goodwill		**20,640**	20,640
Investments accounted for using the equity method		**6,416,638**	6,502,082
Deferred income tax assets		**2,385,355**	2,290,353
Financial assets at fair value through other comprehensive income		**45,766**	46,462
		83,336,280	88,552,577
Current assets			
Properties under development		**17,403,960**	23,800,969
Completed properties held for sale		**20,045,679**	19,058,916
Contract assets		**153,288**	192,883
Trade receivables	*4*	**1,345,263**	1,374,947
Other receivables		**24,048,592**	23,430,217
Prepayments		**3,257,339**	3,424,675
Prepaid taxes		**1,468,049**	1,449,149
Financial assets at fair value through profit or loss		**8,506**	10,110
Restricted cash		**1,888,288**	1,872,738
Cash and cash equivalents		**5,633,100**	5,368,987
		75,252,064	79,983,591
Total assets		**158,588,344**	168,536,168

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Notes	**30 June 2026 Unaudited** ***RMB'000***	31 December 2025 Audited *RMB'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**36,779**	36,779
Other reserves		**1,725,576**	1,759,271
Retained earnings		**24,371,082**	24,930,156
		26,133,437	26,726,206
Non-controlling interests		**13,083,957**	13,428,491
Total equity		**39,217,394**	40,154,697
LIABILITIES			
Non-current liabilities			
Borrowings	*5*	**17,543,493**	20,832,253
Lease liabilities		**349,365**	515,898
Deferred income tax liabilities		**5,985,436**	6,030,331
		23,878,294	27,378,482
Current liabilities			
Borrowings	*5*	**32,231,928**	34,222,683
Trade and other payables	*6*	**39,406,691**	39,497,965
Contract liabilities		**6,027,486**	9,466,485
Current income tax liabilities		**17,767,944**	17,731,624
Lease liabilities		**58,607**	84,232
		95,492,656	101,002,989
Total liabilities		**119,370,950**	128,381,471
Total equity and liabilities		**158,588,344**	168,536,168

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2026	2025
		Unaudited	Unaudited
	Notes	***RMB'000***	*RMB'000*
Revenue	*2*	**8,183,915**	13,251,243
Cost of sales		**(7,635,716)**	(11,226,014)
Gross profit		**548,199**	2,025,229
Fair value losses on investment properties – net	*3*	**(2,651,190)**	(1,720,583)
Selling and marketing costs		**(201,307)**	(266,641)
Administrative expenses		**(316,777)**	(546,833)
Net impairment losses on financial assets		**(191,118)**	(173,533)
Other income and gains/(losses) – net		**2,611,717**	(185,082)
Operating loss		**(200,476)**	(867,443)
Finance costs – net	*7*	**(144,644)**	(637,573)
Share of losses of investments accounted for using the equity method		**(51,406)**	(17,950)
Loss before income tax		**(396,526)**	(1,522,966)
Income tax expense	*8*	**(422,694)**	(1,213,265)
Loss for the period		**(819,220)**	(2,736,231)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Currency translation differences		**26**	1
Items that will not be reclassified to profit or loss:			
Changes in the fair value of financial assets at fair value through other comprehensive income		**(522)**	(1,097)
Total other comprehensive loss for the period, net of tax		**(496)**	(1,096)
Total comprehensive loss for the period		**(819,716)**	(2,737,327)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		Six months ended 30 June	
		2026	2025
		Unaudited	Unaudited
	Notes	***RMB'000***	*RMB'000*
Loss attributable to:			
Owners of the Company		**(592,273)**	(2,652,343)
Non-controlling interests		**(226,947)**	(83,888)
		(819,220)	(2,736,231)
Total comprehensive loss attributable to:			
Owners of the Company		**(592,769)**	(2,653,439)
Non-controlling interests		**(226,947)**	(83,888)
		(819,716)	(2,737,327)
Loss per share for loss attributable to owners of the Company during the period (expressed in RMB cents per share)	*9*		
– Basic and diluted		**(14.3)**	(64.1)

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards 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 2026 are the same as those set out in the Group's annual consolidated financial statements for the year ended 31 December 2025.

In the current interim period, the Group has adopted the following amendments to HKFRS Accounting Standards for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

(a) Amended standards adopted by the Group

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
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The application of the amendments to HKFRS Accounting Standards 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 condensed consolidated financial statements.

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)[1]
Amendment to IAS 21	Translation to a Hyperinflationary Presentation Currency[1]
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)[2]

[1] Effective for annual periods beginning on or after 1 January 2027

[2] No mandatory effective date yet determined but available for adoption

Going concern basis

For the six months ended 30 June 2026, the Group incurred a loss attributable to owners of the Company of approximately RMB592 million. As at 30 June 2026, the Group recorded net current liabilities of approximately RMB20,241 million and had borrowings in total of approximately RMB49,775 million, out of which approximately RMB32,232 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,521 million. As at 30 June 2026, the Group had certain indebtedness, including senior notes, corporate bonds, commercial mortgage backed securities and bank and other borrowings, with an aggregated carrying amount of approximately RMB24,899 million that were either in default or cross default.

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:

- On 10 October 2025, the Company entered into a restructuring support agreement ("**RSA**") with an ad hoc group of holders ("**AHG**") of the various existing notes issued or guaranteed by the Company with aggregate principal amount of approximately RMB15,301 million and the existing loans entered into or guaranteed by the Group with aggregate principal amount of approximately RMB4,419 million (collectively referred to as the "**Scheme Debt**") to the restructuring of the Scheme Debt ("**Restructuring**") for a holistic management solution for the Company's offshore indebtedness ("**Holistic Solution**"), which consists of one or a combination of different options at the selection of the creditors of the Company with respect to the Scheme Debt ("**Scheme Creditors**") for the satisfaction of the restructuring consideration, with an objective to address the current liquidity issues. As at 19 December 2025 (being the date of the extended consent fee deadline), holders of over 85.48% of the Scheme Debt have submitted letters to accede to the RSA.

  Under the terms and conditions in connection with the Restructuring, one of the options for satisfaction of the restructuring consideration involves, amongst other things, the disposal or pledge of the shares of Powerlong Commercial Management Holdings Limited, a subsidiary of the Company, the shares of which are listed on the Stock Exchange (stock code: 9909) ("**Powerlong CM**") by the Company to fund, fully or partially, a total cash amount of US$40 million. On 27 January 2026, the wholly owned subsidiary of the Company, Powerlong Real Estate (BVI) Holdings Limited (the "**Seller**"), entered into the share purchase agreement (the "**Agreement**") with Prime Capital Investment Limited relating to the disposal of the 160,725,000 shares in the issued share capital of Powerlong CM (the "**Target Shares**") for the disposal by the Seller of the Target Shares, on and subject to the terms and conditions set out in the Agreement, at an aggregate consideration of HK$360,827,625 (the "**Proposed Disposal**"). The Proposed Disposal was duly passed by the shareholders at the extraordinary general meeting held on 18 March 2026.

In addition, at the convening hearing held on 17 March 2026, the High Court of the Hong Kong Special Administrative Region has directed the Company to convene a meeting of the Scheme Creditors for the purpose of approving (with or without modification) a proposed scheme of arrangement under sections 670, 673 and 674 of the Companies Ordinance (Cap.622) to be made between the Company and the Scheme Creditors. The petition seeking sanction of the Scheme from the Court was heard on 17 June 2026 and, by an order made by the Court (the "**Sanction Order**"), the Scheme has been sanctioned. The effective date of the Scheme occurred on 22 June 2026. However, as at the date of the announcement, the Restructuring Effective Date (as defined in the RSA) has not occurred;

- A restructuring proposal for six onshore corporate bonds and assets backed securities issued by Shanghai Powerlong Industrial Development (Group) Co. Ltd, a subsidiary of the Company, has been considered and approved at a meeting of the relevant bondholders in January 2026. The principal and interest repayment arrangements for the six bonds were adjusted and the aforesaid bondholders were offered a restructuring proposal including a repurchase option, a stock option and a general creditor claim option. As at the reporting date, the repurchase option was fully exercised and lapsed thereafter. The Group will ensure continued implementation and completion of the aforesaid restructuring;

- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group 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 2026 on a going concern basis.

2 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 business are mainly operations of hotels. As the CODM consider 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.

Segment results represent the performance for each segment without fair value gains/(losses) on financial assets measured at fair value through profit or loss, other income and gains, unallocated operating costs, finance costs – net and income tax expense.

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2026 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 2026 (Unaudited)					
Gross segment revenue	**5,850,036**	**925,292**	**1,209,099**	**425,173**	**8,409,600**
Inter-segment revenue	**–**	**(107,403)**	**(114,200)**	**(4,082)**	**(225,685)**
Revenue from external customers	**5,850,036**	**817,889**	**1,094,899**	**421,091**	**8,183,915**
Segment results	**(1,422,430)**	**(1,710,277)**	**122,808**	**(206,945)**	**(3,216,844)**
Fair value losses on financial assets at fair value through profit or loss					**(123)**
Other income and gains					**3,106,442**
Unallocated operating cost					**(141,357)**
Finance costs – net *(Note 7)*					**(144,644)**
Loss before income tax					**(396,526)**
Income tax expense *(Note 8)*					**(422,694)**
Loss for the period					**(819,220)**
Depreciation recognised as expenses	**7,269**	**–**	**4,672**	**136,727**	**148,668**
Fair value losses on investment properties *(Note 3)*	**–**	**2,626,298**	**24,892**	**–**	**2,651,190**
Impairment losses on properties under development and completed properties held for sale – net	**721,375**	**–**	**–**	**–**	**721,375**
Share of post-tax losses/(profits) of joint ventures	**49,948**	**–**	**(616)**	**–**	**49,332**
Share of post-tax loss of associates	**1,709**	**–**	**–**	**365**	**2,074**

The segment results and other segment items included in the 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 7)*					(637,573)
Loss before income tax					(1,522,966)
Income tax expense *(Note 8)*					(1,213,265)
Loss for the period					(2,736,231)
Depreciation recognised as expenses	18,713	–	5,011	133,899	157,623
Fair value losses on investment properties *(Note 3)*	–	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 losses/(profits) of joint ventures	(3,055)	–	172	–	(2,883)
Share of post-tax losses/(profits) of associates	21,206	–	–	(373)	20,833

Segment assets, liabilities and interests in joint ventures and associates as at 30 June 2026 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 2026 (Unaudited)						
Segment assets	**65,975,763**	**67,978,273**	**5,835,102**	**11,656,130**	**(6,079,612)**	**145,365,656**
Other assets						**13,222,688**
Total assets						**158,588,344**
Segment assets include:						
Interests in joint ventures	**3,374,223**	**–**	**1,609**	**–**	**–**	**3,375,832**
Interests in associates	**3,004,172**	**–**	**–**	**36,634**	**–**	**3,040,806**
Segment liabilities	**30,573,536**	**2,474,801**	**2,439,304**	**5,807,186**	**(6,079,612)**	**35,215,215**
Other liabilities						**84,155,735**
Total liabilities						**119,370,950**
Capital expenditure (six months ended 30 June 2026) (unaudited)	**1,104**	**1,023,832**	**2,423**	**167,677**	**–**	**1,195,036**

Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2025 and capital expenditure 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*	Elimination *RMB'000*	Group *RMB'000*
At 31 December 2025 (Audited)						
Segment assets	70,480,442	72,905,454	5,901,030	11,352,809	(5,147,367)	155,492,368
Other assets						13,043,800
Total assets						168,536,168
Segment assets include:						
Interests in joint ventures	3,450,184	–	993	–	–	3,451,177
Interests in associates	3,013,906	–	–	36,999	–	3,050,905
Segment liabilities	33,457,320	2,588,885	2,326,693	5,627,614	(5,147,367)	38,853,145
Other liabilities						89,528,326
Total liabilities						128,381,471
Capital expenditure (six months ended 30 June 2025) (unaudited)	544	2,503,053	3,159	177,024	–	2,683,780

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 additions to property and equipment and investment properties.

3 Investment properties

	Completed investment properties *RMB'000*	**Investment properties under construction** *RMB'000*	**Total** *RMB'000*
Six months ended 30 June 2026 (Unaudited)			
Opening amount as at 1 January 2026	**63,094,942**	**11,432,652**	**74,527,594**
Additions	**–**	**1,023,832**	**1,023,832**
Transfers	**1,130,714**	**(1,130,714)**	**–**
Fair value losses – net	**(2,651,190)**	**–**	**(2,651,190)**
Derecognised upon disposal of subsidiaries	**(2,614,001)**	**–**	**(2,614,001)**
Disposals	**(864,500)**	**–**	**(864,500)**
Closing amount as at 30 June 2026	**58,095,965**	**11,325,770**	**69,421,735**
Six months ended 30 June 2025 (Unaudited)			
Opening amount as at 1 January 2025	66,358,759	10,910,685	77,269,444
Additions	–	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

4 Trade receivables

	30 June 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*	**1,786,087**	1,747,777
– Third parties	**1,685,849**	1,685,995
– Related parties	**100,238**	61,782
Less: loss allowance *(Note (b))*	**(440,824)**	(372,830)
	1,345,263	1,374,947

(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 2026 and 31 December 2025, the ageing analysis of trade receivables of the Group based on revenue recognition date was as follows:

	30 June 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Within one year	**994,234**	994,398
Over one year	**791,853**	753,379
	1,786,087	1,747,777

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2026, a provision of RMB440,824,000 was made against the gross amounts of trade receivables (31 December 2025: RMB372,830,000).

5 Borrowings

	30 June 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Senior notes	**14,839,775**	15,301,100
Corporate bonds	**3,898,345**	6,339,995
Commercial mortgage backed securities	**2,099,987**	2,112,135
Assets backed securities	**88,413**	206,762
Bank borrowings	**26,616,047**	28,602,010
– secured	**26,536,831**	28,514,217
– unsecured	**79,216**	87,793
Other borrowings – secured	**2,232,854**	2,478,634
Less: amounts due within one year	**(32,231,928)**	(34,208,383)
	17,543,493	20,832,253
Borrowings included in current liabilities:		
Other borrowings – secured	**–**	14,300
Add: current portion of long-term borrowings	**32,231,928**	34,208,383
	32,231,928	34,222,683
Total borrowings	**49,775,421**	55,054,936

6 Trade and other payables

	30 June 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**11,372,952**	11,034,352
– Related parties	**18,786**	19,662
– Third parties	**11,209,235**	10,866,162
– Notes payable – third parties	**144,931**	148,528
Other payables and accruals	**21,156,487**	21,697,605
– Related parties	**7,336,340**	7,536,251
– Non-controlling interests	**5,162,458**	5,160,916
– Third parties	**8,657,689**	9,000,438
Value-added tax received in advance from customers	**547,719**	853,604
Payables for retention fee	**770,132**	810,630
Interest payable	**4,136,498**	3,728,422
Other taxes payable	**1,400,824**	1,351,273
Payables for acquisition of land use rights	**22,079**	22,079
	39,406,691	39,497,965

(a) As at 30 June 2026 and 31 December 2025, the ageing analysis of trade payables of the Group based on invoice date was as follows:

	30 June 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Within one year	**7,837,396**	8,194,500
Over one year	**3,535,556**	2,839,852
	11,372,952	11,034,352

7 Finance costs – net

	Six months ended 30 June	
	2026	2025
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interest expense:		
– Borrowings	**1,573,294**	1,721,249
– Lease liabilities	**12,202**	29,455
	1,585,496	1,750,704
Less: finance costs capitalized	**(583,538)**	(901,174)
Foreign exchange gains on financing activities – net	**(828,193)**	(186,104)
Finance costs	**173,765**	663,426
Interest income of bank deposits	**(29,121)**	(25,853)
Finance costs – net	**144,644**	637,573

8 Income tax expense

	Six months ended 30 June	
	2026	2025
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax:		
– PRC corporate income tax	**396,516**	581,117
– PRC land appreciation tax	**107,048**	549,744
	503,564	1,130,861
Deferred income tax:		
– PRC corporate income tax	**(80,794)**	83,112
– PRC land appreciation tax	**(76)**	(708)
	(80,870)	82,404
	422,694	1,213,265

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.

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 and fulfil requirements under 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 on 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 Group's direct 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 condensed consolidated interim 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.

9 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	
	2026	2025
	Unaudited	Unaudited
Loss attributable to shareholders of the Company (RMB'000)	**(592,273)**	(2,652,343)
Weighted average number of ordinary shares in issue (thousand shares)	**4,140,403**	4,140,403
Basic loss per share (RMB cents per share)	**(14.3)**	(64.1)

(b) Diluted

Since there was no dilutive potential ordinary shares during the six months ended 30 June 2026, diluted loss per share is equal to basic loss per share (30 June 2025: same).

10 Dividends

No interim dividend in respect of the six months ended 30 June 2026 was proposed by the Board (six months ended 30 June 2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Since the beginning of this year, in the face of the intricate and complex international environment, the economy of the People's Republic of China (the "**PRC**") has sustained a generally stable development trajectory, progressing towards innovation and quality enhancement, demonstrating a strong resilience and vitality. The fundamentals underlying the long-term positive economic outlook remained unchanged and the pace of high-quality development continues to advance steadily. The real estate industry continued its overall trend of adjustment. Guided by the policy direction of stabilizing the real estate market, controlling incremental supply, reducing inventory, and optimizing supply, the market has entered a phase of structural marginal recovery. In the first half of 2026, the market exhibited an operating trend characterized by "bottoming out and consolidation, structural differentiation and quality iteration". On the policy front, the flexible framework of "city-specific policies" was maintained, with a sustained focus on stimulating demand. At the national level, core supportive policies such as minimum down payment ratios and mortgage interest rates were optimized. Many localities have gradually relaxed restrictions on purchases, loans and sales, while broadening the application scenarios for provident funds, implementing subsidies for home purchases or housing vouchers and so forth, thereby effectively lowering the barriers and costs of home purchases. Concurrently, efforts were advanced in urban renewal and the renovation of old urban residential communities, systematically carrying out the acquisition and conversion of inventory commodity housing into affordable housing, and the "sell old to buy new" (賣舊買新) replacement chain was refined, releasing rigid and upgraders' housing demand in a tiered manner. On the enterprise front, the focus remained on the normalization of risk resolution and ensuring the timely delivery of projects. The real estate financing coordination mechanism has been operating on a regular basis, with optimized management of the "white-list" projects and the implementation of supporting relief measures such as loan extensions and repayment schedule adjustments for inventory projects. These efforts have continuously strengthened financial support for high-quality projects, precisely matched the reasonable financing needs of real estate projects, and alleviated the working capital pressures of various property developers on a differentiated basis. Real estate enterprises assessed the situation, deepened their presence in core city markets, continued to refine their product strength and service capabilities, actively expanded into new tracks such as urban renewal and inventory asset operations, and discharged corporate responsibilities, thereby accelerating the transformation of the industry towards high-quality development.

BUSINESS REVIEW

For the six months ended 30 June 2026, 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 2026, the contracted sales of the Group together with its associates and joint ventures amounted to approximately RMB3,420 million (for the six months ended 30 June 2025: RMB3,723 million). For the six months ended 30 June 2026, the contracted sales area of the Group together with its associates and joint ventures amounted to approximately 332,199 square meters (for the six months ended 30 June 2025: 316,718 square meters).

Set forth below is the distribution of contracted sales of the Group for the six months ended 30 June 2026:

	For the six months ended 30 June 2026		
Distribution	**Sales area**	**Sales amount**	**Average selling price**
	sq.m.	*RMB'000*	*RMB/sq.m.*
Commercial	78,411	619,160	7,896
Residential	253,788	2,800,840	11,036
Total	332,199	3,420,000	10,295

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 2026, the Group had an aggregate gross floor area ("**GFA**") of approximately 8,186,793 square meters (as at 31 December 2025: approximately 8,322,130 square meters) held as investment properties (including completed properties and properties under construction), representing a decrease of approximately 1.6% as compared with that as at 31 December 2025.

As at 30 June 2026, the Group held and managed 61 shopping malls and managed 7 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 2026, 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 nine self-owned brand chain hotels, namely ARTELS Anxi Quanzhou (泉州安溪寶龍藝築酒店), ARTELS+ Fuyang Hangzhou (杭州富陽藝悅酒店), ARTELS+ Collection Lingang Shanghai (上海臨港藝悅精選酒店), ARTELS+ Collection Hechuan Chongqing (重慶合川藝悅精選酒店), ARTELS+ Wujing Shanghai (上海吳涇藝悅酒店), ARTELS+ Xinxiang (新鄉藝悅酒店), ARTELS+ Collection Yancheng (鹽城寶龍藝悅精選酒店), 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 2026, the Group had a quality land bank amounting to a total GFA of approximately 13 million square meters, of which approximately 10 million square meters were completed properties held for sale and properties under development and construction and approximately 3 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 2026, approximately 55.6% of the Group's land bank was located in the Yangtze River Delta region.

OUTLOOK

In the second half of 2026, it is expected that the real estate market will continue its trajectory of bottoming-out recovery and differentiated operation. Closely adhering to the overall requirements of strengthening the safety barrier and stabilizing the real estate market, efforts will be made to coordinate normalized risk handling with inventory quality improvement and transformation, continuously implement the work orientation of controlling incremental supply, reducing inventory, and optimizing supply, consolidate the foundation for marginal recovery, and balance development and security. On the policy front, the implementation of the foundational institution of the new real estate development model will be accelerated, and the approach of precise regulation through "city-specific policies" will be maintained. Measures for reforming the housing provident fund system will be systematically implemented, continuously expanding contribution coverage and full-cycle usage scenarios. Multiple measures will be adopted to support reasonable housing consumption by rigid-demand families, newly-married and first-birth families, and families with multiple children. The long-term mechanism for revitalizing inventory assets will be improved, special supporting tools for affordable housing will be well utilized, the acquisition and conversion of inventory commodity housing will be advanced in an orderly manner, and the "sell old to buy new" (賣舊買新) replacement support system will be refined, releasing rigid and upgraders' housing demand in a tiered manner. On the industry front, special actions for urban renewal will be solidly advanced, while coordinating the transformation of urban villages, old residential communities and dilapidated houses, revitalizing low-efficiency resources such as inventory land and idle buildings, and promoting the construction of safe, comfortable, green and intelligent "good houses" in an orderly manner. Enhancement initiatives for both housing quality and property service quality will be implemented simultaneously, achieving dual enhancement of incremental optimization and existing-stock renovation. The dual-track supply system of commodity housing and affordable housing will be improved. On the enterprise front, the normalized real estate financing coordination and "white-list" project management mechanisms will be continuously improved, and relief measures such as loan extensions and repayment adjustments for existing loans will be implemented. Reasonable financing needs of real estate enterprises will be precisely matched by category, and debt risk resolution will be advanced through market-based and law-based approaches, ensuring the timely delivery of projects on a regular basis. Real estate enterprises will adhere to the bottom line of "stabilizing operation and ensuring timely delivery of products," optimize investment layout based on the fundamentals of cities, deepen presence in core regional markets, continuously refine product and comprehensive service capabilities, proactively expand into diversified tracks such as urban renewal and inventory asset operations, and accelerate the transformation from traditional heavy-asset development to a model combining development and operation, thereby jointly promoting the stable, healthy, high-quality, and sustainable development of the industry.

Faced with the challenges and opportunities presented by intense adjustments in the real estate industry in China, the Group has united with concerted efforts and proposed the development theme of "Deep Penetration, Winning the Future with Intelligence" (極致穿透，智贏未來) in mid-2026. Focusing on key priorities for the second half of 2026, the property segment will continue to ensure sound asset safeguarding, adhere to a "one strategy for one debt" (一債一策) approach, focus on revitalizing key projects and achieving breakthroughs in bulk transactions, and consolidate its development confidence through city-specific policies and thorough closed-loop management implementation. The commercial segment will adhere to the principle of "space creation first" (造場先行), reconstructing spatial value and emotional resonance through "ecological fields" (生態場域), transforming "foot traffic" (流量) into "customer retention" (留量), and accelerating the implementation of smart operation scenarios such as tenant sourcing, legal affairs, sales volume, and energy consumption. The hotel segment will return to the three fundamentals of quality, service, and experience (品質、服務、體驗), and for difficult projects and low-efficiency assets, a dual approach of stemming losses while restoring self-sustaining viability will be pursued. The commercial office segment will thoroughly develop core projects, accumulate replicable standards, and explore breakthroughs in asset-light models in advantageous cities. Amidst a challenging macroenvironment, the Group will always adhere to prudent operations and firmly act as a responsible enterprise. All employees will face problems directly and proactively break new ground, promote the implementation of key tasks with a deeply-penetrating work style, enhance development quality through digitalization, intelligence, and organizational evolution, and drive the company forward with a stronger sense of responsibility, execution and innovation, continuously contributing to the Group's stable development 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 ("**Powerlong CM**"), a subsidiary of the Group, has adopted "Space Creation First, Customer Delight and Quality Enhancement, Elite-Driven, Smart Operation Empowerment" as its development strategy to deepen its presence in the core regions of the Yangtze River Delta, so as to achieve a profound transformation from "space operation" (空間運營) to "value creation" (價值創造). In the second half of 2026, Powerlong CM will carry out work in the following three aspects: focusing on enhancing spatial value and deepening intelligent operational empowerment, upgrading renewed service experience and focusing on growth in core indicators, and strengthening organizational capability construction and cultivating a strong base for talent development. Specifically, with spatial value enhancement as the core to continue to advance space renovation and iconic site development, underperforming spaces will be revitalized to achieve renewal of inventory asset value; intelligent operations will be deepened to promote comprehensive data integration and AI technology empowerment. By leveraging digital tools to enhance operational efficiency and decision-making precision, a new asset operation model centered on "space + technology" will be established. A standardized rebranding framework will be implemented to focus on quality improvement across five key customer-facing areas and drive a deep transition from foot traffic operation to customer retention realization, so as to achieve a dual breakthrough in both brand experience and user value; guided by the three major strategies of "renewal, quality enhancement, and revitalization", steady achievement of annual operational targets will be ensured. By building a "highly competent, strong reserve, youthful and sustainable" top-ranking team, agile organizational construction will be promoted, and operational efficiency will be enhanced. A systematic AI training program for all employees will be launched to establish a multi-tiered talent cultivation and delivery system. These efforts will develop a strong talent base for the enterprise in a long run and create a warm, dynamic, and sustainable commercial organizational ecosystem.

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, revitalize inventory 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 has been working diligently with its professional advisors to progress on a holistic solution in order to formulate a viable restructuring plan aimed at addressing its liquidity constraints, securing the sustainable operations of the Group and protecting the interests of all stakeholders. Since the lapse of the former restructuring plan in February 2025, the Company continued its efforts for a further holistic restructuring of its offshore indebtedness (the "**Restructuring**") through the scheme of arrangement in Hong Kong (the "**Scheme**"). Having considered the interests of all stakeholders of the Group, the Company entered into the restructuring support agreement (the "**RSA**") and announced the proposed terms of the Restructuring on 10 October 2025. The Scheme was approved by the scheme creditors at the scheme meeting held on 12 May 2026, and was sanctioned by an order made by the High Court of Hong Kong on 17 June 2026. All the scheme conditions have been fulfilled and the scheme effective date occurred on 22 June 2026. As at the date of this announcement, the Restructuring Effective Date (as defined in the RSA) has not yet occurred.

The Group has consistently adhered to a principle of the parallel development of both its talents and the enterprise, anchoring itself to a path of mutual advancement and shared prosperity. We have been deeply committed to fostering a robust corporate culture, guiding all employees to explore their potential and clarify their value positioning, thereby empowering individuals for sustained growth and enabling them to achieve a leap in value. Through continuous process optimization and systematic restructuring, we have dismantled efficiency barriers, comprehensively activated organizational vitality and enhanced operational efficiency. We have established a multi-dimensional and composite incentive mechanism to reinforce the team's sense of unity and strengthen collective cohesion. The Group will continue to uphold a human resources strategy of "unlocking potential and pooling of talent", continuously establishing a premium development platform to broaden the upward mobility channels for our talent. By leveraging our competitive advantage in talent, we aim to solidify a robust foundation for the Group's high-quality development, while ensuring that our steady corporate growth serves as a vehicle for the realization of talent value. We are committed to achieving a state of mutual empowerment as well as mutual growth and benefits between the enterprise and its people.

Adhering to the initial intention of being a corporate citizen with social responsibilities, the Group will uphold its commitment 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 2026, the Group recorded a total revenue of approximately RMB8,184 million (for the six months ended 30 June 2025: approximately RMB13,251 million), representing a decrease of approximately 38.2% as compared with the corresponding period in 2025. This was mainly attributable to the decrease in revenue from property sales and rental income from investment properties and income from provision of commercial operational services and residential property management services.

Revenue from Property Sales

During the six months ended 30 June 2026, 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 2026 amounted to approximately RMB5,850 million (for the six months ended 30 June 2025: approximately RMB10,693 million), representing a decrease of approximately 45.3% as compared with the corresponding period in 2025. This was mainly attributable to the decrease in the delivery of residential and commercial properties.

Set forth below are the details regarding the properties sold and delivered during the six months ended 30 June 2026:

		For the six months ended 30 June 2026		
		GFA sold & delivered *(sq.m.)*	**Amount sold & delivered** *(RMB million)*	**Average selling price** *(RMB/sq.m.)*
Yangtze River Delta	Commercial	95,727	850	8,879
	Residential	227,370	3,411	15,002
Hainan	Commercial	836	5	5,981
	Residential	73,490	736	10,015
Greater Bay Area	Commercial	131	1	7,634
	Residential	10,280	134	13,035
Others	Commercial	41,151	298	7,242
	Residential	41,206	415	10,071
	Total	490,191	5,850	11,934
	Commercial	137,845	1,154	8,372
	Residential	352,346	4,696	13,328

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 2026, the Group recorded rental income after elimination of intra-group transactions from investment properties amounting to approximately RMB818 million (for the six months ended 30 June 2025: approximately RMB954 million), representing a decrease of approximately 14.3% as compared with the corresponding period in 2025, which was mainly attributable to the reduction in leasable area during the current period.

For the six months ended 30 June 2026, 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 RMB1,095 million (for the six months ended 30 June 2025: approximately RMB1,190 million), representing a decrease of approximately 8.0% as compared with the corresponding period in 2025, which was mainly attributable to the termination of certain management contracts in respect of retail commercial properties managed by the Group.

For the six months ended 30 June 2026, the Group recorded rental income from investment properties and income from provision of commercial operational services and residential property management services amounting to approximately RMB1,913 million (for the six months ended 30 June 2025: approximately RMB2,144 million), representing a decrease of approximately 10.8% as compared with the corresponding period in 2025, which was mainly attributable to the reduction in leasable area and the termination of certain management contracts in respect of retail commercial properties managed by the Group during the current period.

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 2026, the Group recorded income from other property development related businesses amounting to approximately RMB421 million (for the six months ended 30 June 2025: approximately RMB414 million), representing an increase of approximately 1.7% as compared with the corresponding period in 2025.

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 2026, cost of sales amounted to approximately RMB7,636 million (for the six months ended 30 June 2025: approximately RMB11,226 million), representing a decrease of approximately 32.0% as compared with the corresponding period in 2025, which was mainly attributable to a corresponding decrease in total costs resulting from the decrease in the GFA of properties sold and delivered.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2026, gross profit amounted to approximately RMB548 million (for the six months ended 30 June 2025: approximately RMB2,025 million), representing a decrease of approximately 72.9% as compared with the corresponding period in 2025, which was mainly attributable to the decrease in property sales revenue resulting from the challenging operating environment in the real estate industry. Gross profit margin decreased by 8.6 percentage points from 15.3% for the six months ended 30 June 2025 to 6.7% for the six months ended 30 June 2026, which was mainly attributable to persistently pressured selling prices of real estate.

Fair Value Losses on Investment Properties

For the six months ended 30 June 2026, the Group recorded fair value losses of approximately RMB2,651 million (for the six months ended 30 June 2025: fair value losses of approximately RMB1,721 million). The fair value losses increased by approximately RMB930 million as compared with the corresponding period in 2025, 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 2026, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB518 million (for the six months ended 30 June 2025: approximately RMB813 million), representing a decrease of approximately 36.3% as compared with the corresponding period in 2025, 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.

Other income and gains/(losses) – net

For the six months ended 30 June 2026, the Group recognised other income and gains of approximately RMB2,612 million, representing a turnaround as compared with other income and losses of approximately RMB185 million for the corresponding period in 2025, which was mainly attributable to a debt restructuring gain of RMB 3,106 million arising from the restructuring of six onshore corporate bonds and assets backed securities issued by Shanghai Powerlong Industrial Development (Group) Co. Ltd, a subsidiary of the Company, during the current period, while no such gain was recorded in the corresponding period of last year.

Share of Losses of Investments Accounted for Using the Equity Method

For the six months ended 30 June 2026, the Group recorded share of post-tax losses of investments accounted for using the equity method of approximately RMB51 million (for the six months ended 30 June 2025: approximately RMB18 million). The share of post-tax losses of investments accounted for using the equity method increased by approximately RMB33 million as compared with the corresponding period in 2025, mainly due to the increase in net losses from joint ventures.

Income Tax Expense

Income tax expense of the Group amounted to approximately RMB423 million for the six months ended 30 June 2026 (for the six months ended 30 June 2025: approximately RMB1,213 million), representing a decrease of approximately 65.1% as compared with the corresponding period in 2025, primarily due to the decrease in PRC corporate income tax and PRC land appreciation tax expenses.

Loss Attributable to Owners of the Company

For the six months ended 30 June 2026, the loss attributable to owners of the Company amounted to approximately RMB592 million (for the six months ended 30 June 2025: loss attributable to owners of the Company of approximately RMB2,652 million).

For the six months ended 30 June 2026, basic loss per share was approximately RMB14.3 cents (for the six months ended 30 June 2025: basic loss per share of approximately RMB64.1 cents).

Core losses (excluding the fair value gains/(losses) on investment properties, gains on debt restructuring arrangements, 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 2026 reached approximately RMB1,989 million (for the six months ended 30 June 2025: core losses of approximately RMB1,632 million).

Core losses attributable to owners of the Company (excluding the attributable fair value gains/(losses) on investment properties, gains on debt restructuring arrangements, 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 2026 reached approximately RMB1,966 million (for the six months ended 30 June 2025: core losses attributable to owners of the Company of approximately RMB1,760 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 RMB7,521 million in total as at 30 June 2026 (as at 31 December 2025: approximately RMB7,242 million), representing an increase of approximately 3.9% as compared with that as at 31 December 2025.

Borrowings

Total borrowings of the Group as at 30 June 2026 was approximately RMB49,775 million (as at 31 December 2025: approximately RMB55,055 million), representing a decrease of approximately 9.6% as compared with that as at 31 December 2025. The Group's borrowings comprise bank and other borrowings of approximately RMB28,849 million, corporate bonds of approximately RMB3,898 million, commercial mortgage backed securities (the "**CMBS**") of approximately RMB2,100 million, assets backed securities (the "**ABS**") of approximately RMB88 million and senior notes of approximately RMB14,840 million.

Out of the total borrowings, approximately RMB32,232 million was repayable within one year, while approximately RMB17,543 million was repayable after one year.

Net Gearing Ratio

As at 30 June 2026, the Group had a net gearing ratio (which is total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 107.7% (as at 31 December 2025: approximately 119.1%).

Borrowing Costs

Total interest expenses for the six months ended 30 June 2026 amounted to approximately RMB1,585 million (for the six months ended 30 June 2025: approximately RMB1,751 million), representing a decrease of approximately 9.5% as compared with the corresponding period in 2025. The decrease was mainly due to the decrease in total borrowings of the Group as compared with the corresponding period in 2025. The effective interest rate decreased from 5.30% for the six months ended 30 June 2025 to 5.06% for the six months ended 30 June 2026, 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 2026, 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 RMB45,671 million (as at 31 December 2025: RMB53,635 million) to secure borrowings of the Group. The total secured bank and other borrowings and CMBS as at 30 June 2026 amounted to approximately RMB30,870 million (as at 31 December 2025: approximately RMB33,119 million). The ABS of RMB88 million (as at 31 December 2025: 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 2026, save as disclosed in this announcement, 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 2026	31 December 2025
	Unaudited	Audited
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**4,821,473**	9,749,564
Guarantees for borrowings of joint ventures and associates	**609,835**	679,905
	5,431,308	10,429,469

Commitments

(1) Commitments for property development expenditures

	30 June 2026 Unaudited ***RMB'000***	31 December 2025 Audited *RMB'000*
Contracted but not provided for		
– Property development activities	**5,737,101**	6,534,536
	5,737,101	6,534,536

(2) Lease commitments

As at 30 June 2026 and 31 December 2025, 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 2026, 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 RMB22,687 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

Disposal of Hangzhou Huazhan Real Estate Development Co. Ltd.

As disclosed in the Company's circular dated 12 January 2026, on 23 December 2025, the Group entered into a cooperation agreement pursuant to which 上海瑞龍投資管理有限公司 (Shanghai Ruilong Investment Management Co. Ltd.) agreed to dispose of 100% equity interest in 杭州華展房地產開發有限公司 (Hangzhou Huazhan Real Estate Development Co. Ltd.) (which holds Hangzhou Binjiang Powerlong City and JUNTELS Binjiang Hangzhou) to 上海聯商壹號商業管理有限公司 (Shanghai Lianshang No.1 Commercial Management Co.,Ltd.) for an initial consideration of RMB1,000 million, subject to adjustment. The relevant transaction was approved at the extraordinary general meeting of the Company held on 29 January 2026 and completed in February 2026.

Disposal of Shares in Powerlong CM

As disclosed in the Company's circular dated 25 February 2026, on 27 January 2026, the Group (as seller) entered into the share purchase agreement with Prime Capital Investment Limited (as purchaser) for the disposal of 160,725,000 shares in the issued share capital of Powerlong CM at an aggregate consideration of HK$360,827,625 (the "**Disposal**"). Completion of the Disposal is expected to take place in September 2026.

Possible Transactions in connection with the Holistic Solution

As disclosed in the Company's circular dated 28 May 2026, subject to the occurrence of the Restructuring Effective Date, a maximum of 32.4% (calculated based on the share capital of Powerlong CM as of the date of the RSA) of the outstanding shares of Powerlong CM (the "**Powerlong CM Shares**"), being 208,299,600 Powerlong CM Shares, held directly or indirectly by the Company will be exchanged for any portion or all of such scheme creditor's claims at such scheme creditor's election (as may be adjusted), at an exchange price of HK$15 per share (the "**Transfer**"). Based on the fixed exchange rate of US$1 = HK$7.81, the maximum consideration of the Transfer is approximately US$400,063,252. The Transfer was approved at the extraordinary general meeting of the Company held on 12 June 2026. As at the date of this announcement, the Restructuring Effective Date has not occurred.

Save as disclosed in this announcement, 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 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group had not authorized any plans for any other material investments or additions of capital assets as at 30 June 2026.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2026, the Group employed a total of 5,893 full-time employees (as at 31 December 2025: 7,446 employees). The total staff costs of the Group incurred were approximately RMB646 million for the six months ended 30 June 2026. 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 resolved not to declare an interim dividend for the six months ended 30 June 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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 (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the code for dealing in securities of the Company by the Directors. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. Specific enquiry has been made by the Company to all the Directors who have confirmed compliance with the required standard set out in the Model Code for the six months ended 30 June 2026. No incident of non-compliance was noted by the Company throughout the six months ended 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale or transfer of any treasury shares) of the Company during the six months ended 30 June 2026. As at 30 June 2026, the Company did not have any treasury shares.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence in the Company and the Company's accountability. The Company therefore strives to attain and maintain effective corporate governance practices and procedures.

The Directors are of the view that 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 2026, 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.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**"), which comprises four independent non-executive Directors pursuant to the Listing Rules.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2026 and considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

REVIEW OF UNAUDITED INTERIM RESULTS

The Audit Committee had reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2026 of the Company and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

The condensed consolidated interim results for the six months ended 30 June 2026 were unaudited, but had 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 unaudited condensed consolidated interim results for the six months ended 30 June 2026 were approved by the Board on 28 August 2026.

EXTRACT OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of the report on review of interim condensed consolidated financial information for the six months ended 30 June 2026 from the independent auditor of the Company:

"MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the interim condensed consolidated financial information which indicates that during the six months ended 30 June 2026, the Group incurred a loss attributable to owners of the Company of approximately RMB592 million. As at 30 June 2026, the Group recorded net current liabilities of approximately RMB20,241 million and had borrowings in total of approximately RMB49,775 million, out of which approximately RMB32,232 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,521 million. As at 30 June 2026, the Group had certain indebtedness, including senior notes, corporate bonds, commercial mortgage backed securities and bank and other borrowings, with an aggregated carrying amount of approximately RMB24,899 million which were either in default or cross default. These conditions, along with the current situation as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter."

EVENTS AFTER THE REPORTING PERIOD

There have been no material events affecting the Group since 30 June 2026 and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the six months ended 30 June 2026 and up to the date of this announcement, the Company has maintained a sufficient public float of more than 25% of the total number of issued shares of the Company as required under the Listing Rules.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim report of the Company for the six months ended 30 June 2026 will be made available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.powerlong.com in due course.

By order of the Board
Powerlong Real Estate Holdings Limited
Hoi Kin Hong
Chairman

Hong Kong, 28 August 2026

As at the date of this announcement, the executive Directors are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping and Mr. Zhang Hong Feng; the non-executive Director is Ms. Hoi Wa Fan; and the independent non-executive Directors are Mr. Au Yeung Po Fung, Dr. Mei Jian Ping, Dr. Ding Zu Yu and Ms. Liu Xiao Lan.