GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

2026

INTERIM REPORT

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CORPORATE INFORMATION

Executive Directors	Li Sze Lim Zhang Hui Xiang Lijun Zhao Feng
Non-executive Directors	Zhang Lin Li Helen
Independent Non-executive Directors	Ng Yau Wah Daniel Wong Chun Bong Chow Oi Wah Fergus
Supervisors	Chen Liangnuan Zhao Xianglin Zhang Yucong
Authorized Representatives	Li Sze Lim Lee Michael
Company Secretary	Lee Michael
Registered Office in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in Hong Kong	Suite 3510, Jardine House, 1 Connaught Place, Central, Hong Kong
Auditor	BDO Limited Certified Public Accountants Registered Public Interest Entity Auditors 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

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.

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.

Li Sze Lim
Chairman

Hong Kong, 27 August 2026

OPERATION REVIEW

Contracted Sales

The Group's total contracted sales in the first half of 2026 were approximately RMB7.35 billion with 1,187,500 sq.m. sold. The contracted sales were generated from 155 projects in 86 cities of 26 provinces (including municipalities and autonomous regions) and 3 overseas countries. On a provincial and regional basis, contracted sales of Guangdong, Hunan, Overseas, Shanxi, Hebei, Chongqing, Hainan, Shaanxi, Beijing and Zhejiang were the highest top 10, which contributed approximately RMB6.26 billion, accounting for approximately 85% of total contracted sales of the Group. In terms of city, contracted sales of tier-1 and the tier-2 cities accounted for 55% of total contracted sales. Tier-3 and below cities contributed 31% of total contracted sales and overseas contributed 14%. On the type of property basis, 44% of total contracted sales were generated from high-rise residential properties, 1% from villas and 55% from commercial properties and others, including office, apartment and retail, etc..

Details of the Group's first half of 2026 total contracted sales by geographical distribution are set out below:

Region	Approximate total value (RMB million)	Approximate total saleable area sold (Thousand sq.m.)
Southern China	2,014.9	99.6
Central Southern China	1,124.0	586.3
Northern China	1,103.1	205.9
Northwestern China	1,062.3	129.7
Overseas	992.9	51.1
Southwestern China	439.2	47.8
Hainan	313.1	17.5
Eastern China	297.2	49.6
Total	**7,346.7**	**1,187.5**

Details of the Group's top 10 provinces and regions with the highest total contracted sales in the first half of 2026 are set out below:

Area	Approximate total value (RMB million)	Approximate total saleable area sold (Thousand sq.m.)
Guangdong Province	2,014.9	99.6
Hunan Province	1,047.4	574.3
Overseas	992.9	51.1
Shanxi Province	487.1	60.8
Hebei Province	351.8	117.9
Chongqing	341.7	31.7
Hainan Province	313.1	17.5
Shaanxi Province	264.8	27.8
Beijing	261.9	36.7
Zhejiang Province	181.8	37.3
Total	**6,257.4**	**1,054.7**

Projects Under Development

As at 30 June 2026, the Group's total GFA under development is approximately 5,544,000 sq.m. and the total saleable area is approximately 4,036,000 sq.m..

The following is the position as at 30 June 2026:

Area	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)
Southern China	2,249,000	1,998,000
Northwestern China	1,127,000	692,000
Northern China	779,000	518,000
Overseas	631,000	379,000
Eastern China	378,000	179,000
Central Southern China	248,000	172,000
Hainan	45,000	35,000
Southwestern China	9,000	8,000
Sub-total	**5,466,000**	**3,981,000**
Investment Properties	78,000	55,000
Total	**5,544,000**	**4,036,000**

PROPERTY INVESTMENT

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties and theme park etc.. The Group's investment properties portfolio as at 30 June 2026 is approximately 2,917,680 sq.m. in total GFA, among which total GFA of investment properties under operation is approximately 1,766,680 sq.m., and total GFA under development or planning is approximately 1,151,000 sq.m..

HOTEL OPERATION

As of 30 June 2026, the Group has 21 self-build hotels, with total GFA of 1,057,160 sq.m. and 7,204 hotel rooms. The 21 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels.

LAND BANK

As at 30 June 2026, the Group's total land bank was approximately 43,104,000 sq.m. and 32,479,000 sq.m. in GFA and saleable area, distributed across 80 cities and regions across China and overseas. Details as below：

Area	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)
Development Properties		
Northern China	11,002,000	8,532,000
Eastern China	3,159,000	2,425,000
Northwestern China	10,382,000	7,550,000
Southern China	5,511,000	4,372,000
Central Southern China	2,306,000	1,525,000
Southwestern China	4,163,000	3,194,000
Hainan	1,825,000	1,703,000
Overseas	3,406,000	2,036,000
Sub-total	**41,754,000**	**31,337,000**
Investment Properties	1,350,000	1,142,000
Total	**43,104,000**	**32,479,000**

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.

Financial Resources, Liquidity and Liabilities

As at 30 June 2026, the total cash and bank balances of the Group including restricted cash were RMB2.600 billion (31 December 2025: RMB3.059 billion). Some of the Group's subsidiaries are required to place a certain amount of the presales proceeds received at designated bank accounts as guarantee deposits for construction of pre-sold properties.

As at 30 June 2026, the Group's total borrowings were RMB97.525 billion (31 December 2025: RMB99.373 billion), of which due within 1 year, between 1 and 5 years and over 5 years were amounted to RMB82.842 billion, RMB10.946 billion and RMB3.737 billion respectively. During the six months ended 30 June 2026, new bank borrowings of RMB70 million have been procured while bank borrowings repaid amounted to RMB676 million. The effective interest rate of the total bank borrowings portfolio at 30 June 2026 was 6.16% (31 December 2025: 5.80%).

The Group conducts its business primarily in Renminbi and non-Renminbi borrowings accounted for approximately 33% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 30 June 2026, the Group has not entered into any foreign exchange hedging transactions.

As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore USD senior notes, domestic bonds and other borrowings further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place.

Charge on Assets

As at 30 June 2026, assets with total carrying values of RMB63.267 billion (31 December 2025: RMB62.483 billion) and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounted to RMB53.952 billion (31 December 2025: RMB54.690 billion).

Contingent Liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificate of the properties concerned. As at 30 June 2026, such guarantees totalled RMB63.797 billion, increased by 12% from RMB56.965 billion as at 31 December 2025.

Employee and Remuneration Policies

As of 30 June 2026, the Group had approximately 9,803 employees. The total staff costs incurred were approximately RMB613 million during the six months ended 30 June 2026. The Group provides competitive remuneration and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus system. Job related training is also provided from time to time.

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).

SHARE CAPITAL

The shareholding structure of the Company as at 30 June 2026 was as follows:

Class of shares	No. of shares	Percentage
H shares	3,752,367,344	100.00%
Total	3,752,367,344	100.00%

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which are required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 30 June 2026 were as follows:

		Number of shares				
Director/ Supervisor	Class of shares	Personal	Spouse or child under 18	Corporate interest	Total number of shares held at the end of the period	Approximate percentage of interests in the total share capital Note
Li Sze Lim	H share	966,092,672	5,000,000	16,000,000	987,092,672	26.31%
Zhang Hui	H share	1,894,800			1,894,800	0.05%
Xiang Lijun	H share	1,800,000			1,800,000	0.05%
Li Helen	H share	3,600		1,000,000	1,003,600	0.03%
Ng Yau Wah, Daniel	H share		588,000		588,000	0.02%
Chen Liangnuan	H share	20,000,000			20,000,000	0.53%

Note:

The Company's total number of issued shares as at 30 June 2026 was 3,752,367,344 H shares.

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") (Note 1)	Corporate	N/A	15%
	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli") (Note 2)	Corporate	N/A	34.64%
	Easy Tactic Limited ("Easy Tactic") (Note 3)	Corporate	N/A	N/A

Notes:

1. Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Dr. Li Sze Lim.

2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Dr. Li Sze Lim owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd.. Sparks Real Estate Holdings Limited is beneficially owned by Dr. Li Sze Lim as to 50%.

3. Dr. Li Sze Lim (a) has an interest in USD6,204,383 of the USD1,034,162,134 senior notes due 2025 issued by Easy Tactic; and (b) through his spouse, has an interest in (i) USD11,505,460 of the USD1,921,827,815 senior notes due 2027 issued by Easy Tactic; and (ii) USD116,698,199 of the USD1,571,167,017 senior notes due 2028 issued by Easy Tactic.

Save as disclosed above, as at 30 June 2026, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2026, so far as the directors are aware, only the following persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Nature of interest	Number of shares	Approximate percentage of interests in H shares (Note 1)
Zhang Li	H share	Beneficial owner/ Interest of spouse	842,146,272 (Note 2)	22.44%

Notes:

1. The Company's total number of issued shares as at 30 June 2026 was 3,752,367,344 H shares.

2. Mr. Zhang Li is the beneficial owner of 822,146,272 H shares and is deemed to be interested in the 20,000,000 H shares held by his spouse.

Save as disclosed above, as at 30 June 2026, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

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.

BOARD COMPOSITION AND PRACTICE

The Board consists of nine members, including four executive directors: Dr. Li Sze Lim, Chairman, Mr. Zhang Hui, Mr. Xiang Lijun and Mr. Zhao Feng; two non-executive directors: Ms. Zhang Lin (the sister of Mr. Zhang Li, a substantial shareholder of the Company) and Ms. Li Helen (the sister of Dr. Li Sze Lim); and three independent non-executive directors: Mr. Ng Yau Wah, Daniel, Mr. Wong Chun Bong and Mr. Chow Oi Wah, Fergus. Save as disclosed, there is no business or other relationship among members of the Board. The structure, size and composition of the Board will be reviewed from time to time to ensure that the Board retains a mix of balanced skills and expertises to provide effective leadership of the Company according to the board diversity policy of the Company.

All directors have entered into a service contract with the Company for a specific term of three years. They are all subject to retirement from office by rotation and re-election at the general meeting once every three years in accordance with the Articles of Association.

The Board is fully responsible for the formulation of business policies and strategies in relation to the business operations of the Group, including dividend policy and risk management strategies. It is also responsible for the adoption of internal business and management control as well as the monitoring of the effectiveness of its control measures.

All directors, including non-executive directors and independent non-executive directors, have devoted sufficient time and effort to serve the business affairs of the Company. All non-executive directors and independent non-executive directors possess appropriate academic and professional qualifications and related management experience and have contributed to the Board with their professional advice. Pursuant to the requirement of Rule 3.10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, the Company has three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management.

The notice of Board meeting will be given to all directors at least 14 days prior to the date of meeting. All directors are given opportunities to include any matters they would like to discuss in the agenda. The company secretary is responsible to the Board for ensuring that all board procedures are followed, and detailed minutes of the Board meetings are prepared, circulated and approved. The company secretary is also responsible for the Company's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other applicable laws, rules and regulations.

The Company continuously updates all directors on the latest development regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

There is no position of the chief executive officer in the Company. The responsibilities of the chief executive officer is currently performed collectively by the executive directors, including the Chairman, who meet from time to time to manage the operations of the Company. The Board considers that this arrangement allows contributions from all executive directors with different expertise and is beneficial to the Company.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS AND SUPERVISORS OF THE COMPANY

The Company has adopted the Model Code laid out in Appendix C3 to the Listing Rules 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.

REMUNERATION COMMITTEE

The remuneration committee of the Company was established with written terms of reference in accordance with Appendix C1 to the Listing Rules. The committee comprises Mr. Ng Yau Wah, Daniel (chairman of the remuneration committee), Dr. Li Sze Lim, and Mr. Chow Oi Wah, Fergus. The principal responsibilities of the remuneration committee include the making of recommendation to the Board on the Company's policy and structure for all remuneration of directors and senior management.

NOMINATION COMMITTEE

The nomination committee of the Company was established with written terms of reference in accordance with Appendix C1 to the Listing Rules. The committee comprises five directors: Dr. Li Sze Lim, executive director, Ms. Li Helen, non-executive director, and three independent non-executive directors, Mr. Ng Yau Wah, Daniel, Mr. Wong Chun Bong and Mr. Chow Oi Wah, Fergus. Dr. Li Sze Lim is the chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. Specific responsibilities include, among others, review the structure, size and composition of the Board according to the Board diversity policy, assist the Board in maintaining a Board skills matrix, identify and nominate candidates to fill causal vacancies of directors, make recommendations to the Board in respect of succession planning and support the regular evaluation of the Board's performance.

SHAREHOLDERS RELATION

The Company has adopted a shareholders' communication policy with the objective of ensuring the shareholders and the investment community are provided with ready, equal and timely access to information about the Company, and allowing them to engage actively with the Company.

The Company has established different communication channels with its shareholders. Apart from general meetings, annual reports, interim reports, circulars and announcements as required under the Listing Rules, shareholders are encouraged to visit the website of the Company which is updated with the most recent key information of the Group.

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	7	**17,905,306**	19,102,130
Right-of-use assets	7	**2,756,852**	2,851,803
Investment properties	7	**28,496,013**	28,754,770
Intangible assets	7	**460,386**	477,678
Interests in joint ventures	8	**5,508,990**	7,348,144
Interests in associates	9	**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”)	5	**131,434**	102,617
Other financial assets	10	**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	11	**47,207,481**	47,100,770
Contract assets		**191,044**	25,582
Tax prepayments		**3,319,913**	3,391,244
Restricted cash	12	**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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(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	13	**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	**14,683,203**	5,985,509
Lease liabilities		**16,534**	19,376
Deferred income tax liabilities		**8,766,407**	8,777,822
Other payables	15	**610,677**	509,615
		24,076,821	15,292,322
Current liabilities			
Accruals and other payables	15	**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	14	**2,691,293**	2,688,825
Current portion of long-term borrowings	14	**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

The notes on pages 24 to 47 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited Six months ended 30 June 2026	2025
Revenue	6	**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	16	**(226,208)**	349,474
Other losses – net	17	**(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	18	**(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	19	**(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)	20	**(1.4040)**	(1.0783)

The notes on pages 24 to 47 form an integral part of this condensed consolidated interim financial information.

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	**28,817**	(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	**(235,624)**	403,826
Total comprehensive loss for the period	**(5,542,977)**	(3,678,295)
Total comprehensive loss for the period attributable to:		
– Owners of the Company	**(5,503,816)**	(3,642,511)
– Non-controlling interests	**(39,161)**	(35,784)
	(5,542,977)	(3,678,295)

The notes on pages 24 to 47 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited					
	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
Balance at 1 January 2026	3,752,367	9,658,111	(17,516,611)	(4,106,133)	12,258,000	8,151,867
Comprehensive income						
Loss for the period	–	–	(5,268,192)	(5,268,192)	(39,161)	(5,307,353)
Other comprehensive income						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	28,817	–	28,817	–	28,817
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	–	(36)	–	(36)	–	(36)
Release of revaluation reserve	–	(160,608)	160,608	–	–	–
Currency translation differences	–	(264,405)	–	(264,405)	–	(264,405)
Total other comprehensive income, net of tax	–	(396,232)	160,608	(235,624)	–	(235,624)
Total comprehensive loss for the period ended 30 June 2026	–	(396,232)	(5,107,584)	(5,503,816)	(39,161)	(5,542,977)
Other changes						
Change in ownership interest in a subsidiary without loss of control	–	1,177	–	1,177	(1,177)	–
Capital contributions from non-controlling interests	–	–	–	–	(239,761)	(239,761)
Total other changes	–	1,177	–	1,177	(240,938)	(239,761)
Balance at 30 June 2026	3,752,367	9,263,056	(22,624,195)	(9,608,772)	11,977,901	2,369,129

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited					
	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
Balance at 1 January 2025	3,752,367	9,095,322	3,074,750	15,922,439	12,534,276	28,456,715
Comprehensive income						
Loss for the period	–	–	(4,046,337)	(4,046,337)	(35,784)	(4,082,121)
Other comprehensive income						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	(166,807)	–	(166,807)	–	(166,807)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	–	311	–	311	–	311
Currency translation differences	–	570,322	–	570,322	–	570,322
Total other comprehensive income, net of tax	–	403,826	–	403,826	–	403,826
Total comprehensive income/(loss) for the period ended 30 June 2025	–	403,826	(4,046,337)	(3,642,511)	(35,784)	(3,678,295)
Other changes						
Deregistration of a subsidiary	–	–	–	–	(7,466)	(7,466)
Total other changes	–	–	–	–	(7,466)	(7,466)
Balance at 30 June 2025	3,752,367	9,499,148	(971,587)	12,279,928	12,491,026	24,770,954

The notes on pages 24 to 47 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2026	2025
Cash flows from operating activities		
– Cash generated from operations	**1,093,819**	1,195,107
– Interest paid	**(455,251)**	(606,144)
– Enterprise income tax and land appreciation tax paid	**(254,486)**	(277,231)
Net cash generated from operating activities	**384,082**	311,732
Cash flows from investing activities		
– Purchases of property, plant and equipment	**(12,694)**	(7,452)
– Purchases of intangible assets	**(841)**	(370)
– Additions of investment properties	**–**	(174)
– Proceeds from disposals of property, plant and equipment	**8,786**	1,955
– Disposal of subsidiaries, net of cash	**(1,390)**	(7,001)
– Cash receipts from the repayment of advances to related parties	**3,626**	9,001
– Cash advances to related parties	**(2,937)**	(2,266)
– Dividend received from a joint venture	**338**	–
– Interest received	**13,909**	9,793
Net cash generated from investing activities	**8,797**	3,486
Cash flows from financing activities		
– Proceeds from borrowings, net of transaction costs	**70,231**	286,596
– Proceeds from other payables	**–**	1
– Repayments of other payables	**(42,081)**	(20,107)
– Repayments of borrowings	**(454,040)**	(949,206)
– Repayments of principal of lease liabilities	**(5,139)**	(6,546)
– (Increase)/decrease in guarantee deposits for borrowings	**(61,603)**	235,760
– Cash advances from related parties	**23,330**	12,463
– Repayments to related parties	**(931)**	(6,996)
Net cash used in financing activities	**(470,233)**	(448,035)
Net decrease in cash and cash equivalents	**(77,354)**	(132,817)
Exchange (losses)/gains	**(22,466)**	33,484
Cash and cash equivalents at the beginning of the period	**956,199**	787,385
Cash and cash equivalents at the end of the period	**856,379**	688,052

The notes on pages 24 to 47 form an integral part of this condensed consolidated interim financial information.

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.

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

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.

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

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 (股票經濟收益權兌付) 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;

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

III. Other progress (Continued)

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

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2025.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.2 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents, including proceeds from pre-sales of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include controlling investment in land banks, adjusting project development timetable to adapt to the changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain hotel or investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as appropriate.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 June 2026					
Borrowings (Note (i))	**81,553,817**	**4,254,344**	**10,188,960**	**5,016,007**	**101,013,128**
Lease liabilities	**18,038**	**6,165**	**6,461**	**8,175**	**38,839**
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	**65,722,966**	**468,398**	**159,318**	**–**	**66,350,682**
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	**45,330,568**	**–**	**–**	**–**	**45,330,568**
Guarantees in respect of borrowings of joint ventures and associates	**7,737,844**	**1,970,054**	**1,457,691**	**7,301,303**	**18,466,892**
Derivative financial instruments	**16,675**	**–**	**–**	**–**	**16,675**
At 31 December 2025					
Borrowings (Note (i))	93,335,905	1,716,372	5,313,600	2,784,064	103,149,941
Lease liabilities	16,028	8,435	6,461	9,251	40,175
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	64,220,180	372,293	157,000	–	64,749,473
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	46,043,861	–	–	–	46,043,861
Guarantees in respect of borrowings of joint ventures and associates	8,484,214	117,705	1,482,028	837,391	10,921,338
Derivative financial instruments	16,675	–	–	–	16,675

Note:

(i) Interest on borrowings is calculated on borrowings held as at 30 June 2026 and 31 December 2025 respectively. Floating-rate interest is estimated using the current interest rate as at 30 June 2026 and 31 December 2025 respectively.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Credit risk

The extent of the Group's maximum exposure to credit risk in relation to financial assets is the aggregate carrying value of cash deposits in banks, trade and other receivables, contract assets and other financial assets.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking information.

5.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macroeconomic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the condensed consolidated interim balance sheet) less cash and cash equivalents and restricted cash.

	As at	
	30 June 2026	31 December 2025
Total borrowings (Note 14)	**97,525,175**	99,372,926
Less: cash and cash equivalents	**(856,379)**	(956,199)
restricted cash	**(1,743,374)**	(2,103,024)
Net debt	**94,925,422**	96,313,703
Total equity	**2,369,129**	8,151,867
Gearing ratio	**4,007%**	1,181%

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.5 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follow:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2026 and 31 December 2025 by level of the inputs to valuation techniques used to measure fair value.

	As at	
	30 June 2026	31 December 2025
Financial assets at FVOCI		
Level 1	**127,034**	98,217
Level 3	**4,400**	4,400
	131,434	102,617

Movements in financial assets at FVOCI are analysed as follows:

	As at	
	30 June 2026	31 December 2025
Financial assets at FVOCI		
Opening balance	**102,617**	4,343,684
Fair value gains/(losses) recognised as other comprehensive income	**28,817**	(4,241,067)
Closing balance	**131,434**	102,617

(All amounts in RMB Yuan thousands unless otherwise stated)

6. 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.

(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)

(All amounts in RMB Yuan thousands unless otherwise stated)

6. SEGMENT INFORMATION (Continued)

(b) Segment performance (Continued)

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 (Continued):

	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

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)

7. CAPITAL EXPENDITURE

	Intangible assets	Investment properties (Note (a))	Property, plant and equipment: Other owned assets	Property, plant and equipment: Hotel buildings (Note (b))	Right-of-use assets
Six months ended 30 June 2026					
At 1 January 2026	**477,678**	**28,754,770**	**8,431,424**	**10,670,706**	**2,851,803**
Additions	**841**	**–**	**30,800**	**8,896**	**8,054**
Disposals of subsidiaries and derecognition of then subsidiaries	**–**	**–**	**(232)**	**–**	**–**
Disposals	**(234)**	**(130,627)**	**(23,620)**	**(698,278)**	**(51,354)**
Transfer from construction in progress	**–**	**–**	**100,974**	**(100,974)**	**–**
Fair value losses from disposal	**–**	**(71,773)**	**–**	**–**	**–**
Depreciation and amortisation	**(17,844)**	**–**	**(189,177)**	**(214,004)**	**(47,170)**
Currency translation differences	**(55)**	**(56,357)**	**(111,209)**	**–**	**(4,481)**
At 30 June 2026	**460,386**	**28,496,013**	**8,238,960**	**9,666,346**	**2,756,852**
Six months ended 30 June 2025					
At 1 January 2025	512,896	29,459,220	9,151,342	11,425,100	3,355,047
Additions	370	174	21,457	9,201	–
Disposals of subsidiaries and derecognition of then subsidiaries	–	–	(51)	–	–
Disposals	–	(29,139)	(10,533)	(35,524)	(2,706)
Transfer from properties held for sale	–	–	75,332	–	–
Fair value losses from disposal	–	(6,075)	–	–	–
Depreciation and amortisation	(17,400)	–	(231,270)	(194,379)	(56,115)
Currency translation differences	29	72,105	91,660	–	5,753
At 30 June 2025	495,895	29,496,285	9,097,937	11,204,398	3,301,979

Notes:

(a) Investment properties

The Group's investment properties were valued at 31 December 2025 by independent and professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

As at 30 June 2026, management did not revaluate the investment properties considering that the carrying amount does not differ materially from that which would be determined using fair value.

(b) Hotel buildings

As at 30 June 2026, management did not revaluate the hotel buildings considering that the carrying amount does not differ materially from that which would be determined using fair value.

(All amounts in RMB Yuan thousands unless otherwise stated)

8. INTERESTS IN JOINT VENTURES

	Six months ended 30 June	
	2026	2025
At 1 January	**7,348,144**	7,548,961
Disposal	**(1,806,011)**	–
Share of results	**(58,407)**	75,043
Dividends declared by a joint venture	**(338)**	–
Share of other comprehensive (loss)/income	**(36)**	46
Elimination of unrealised losses/(profits)	**25,638**	(38,955)
At 30 June	**5,508,990**	7,585,095

9. INTERESTS IN ASSOCIATES

	Six months ended 30 June	
	2026	2025
At 1 January	**2,871,687**	3,516,579
Addition	**223,510**	–
Share of results	**(46,103)**	25,306
Share of other comprehensive income	**–**	265
Elimination of unrealised losses/(profits) and others	**898**	(1)
At 30 June	**3,049,992**	3,542,149

10. OTHER FINANCIAL ASSETS

As at 30 June 2026, the balance represented the Group's investments in certain PRC debt securities, which were measured at fair value. As at 30 June 2026, the fair value of such PRC debt securities, which was determined by reference to "China Securities Index Co., Ltd", was approximately RMB33 million.

Movements in other financial assets are analysed as follows:

	As at	
	30 June	31 December
	2026	2025
Opening balance	**32,671**	246,981
Fair value losses recognised in profit or loss	**(6)**	(214,310)
Closing balance	**32,665**	32,671

Other financial assets as at 30 June 2026 and 31 December 2025 are denominated in RMB.

(All amounts in RMB Yuan thousands unless otherwise stated)

10. OTHER FINANCIAL ASSETS (Continued)

(a) Other financial assets include the following

	As at 30 June 2026	As at 31 December 2025
Listed securities:		
– Bonds	**32,665**	32,671

(b) Amounts recognised in the consolidated profit and loss and other comprehensive income

During the period, the following loss was recognised in the consolidated profit and loss and other comprehensive income:

	As at 30 June 2026	As at 31 December 2025
Listed securities:		
– Loss recognised in profit or loss	**(6)**	(214,310)

11. 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

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

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	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	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

12. RESTRICTED CASH

As at 30 June 2026 and 31 December 2025, the Group's restricted cash were mainly denominated in RMB. Restricted cash mainly comprised guarantee deposits for construction of pre-sold properties, guarantee deposits for borrowings and others.

13. SHARE CAPITAL

	Number of shares (thousands)	**Share capital**
At 30 June 2026	3,752,367	3,752,367
At 31 December 2025	3,752,367	3,752,367

Share capital refers to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS

	As at 30 June 2026	31 December 2025
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
– Secured	**39,530,352**	40,436,283
– Unsecured (Note (f))	**501,724**	510,388
	40,032,076	40,946,671
Domestic bonds (Note (b))		
– Secured	**10,780,494**	10,959,566
– Unsecured	**531,570**	531,570
	11,312,064	11,491,136
Senior notes (Note (c))		
– Secured	**30,733,496**	31,659,843
Other borrowings (Note (d))		
– Secured	**11,830,473**	11,660,678
– Unsecured (Note (f))	**925,773**	925,773
	12,756,246	12,586,451
Total long-term borrowings	**94,833,882**	96,684,101
Less: current portion of long-term borrowings	**(80,150,679)**	(90,698,592)
	14,683,203	5,985,509
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
– Secured	**2,554,193**	2,556,035
Other borrowings (Note (d))		
– Secured	**37,100**	37,100
– Unsecured (Note (f))	**100,000**	95,690
	137,100	132,790
Total short-term borrowings	**2,691,293**	2,688,825
Current portion of long-term borrowings	**80,150,679**	90,698,592
Total borrowings	**97,525,175**	99,372,926

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (Continued)

(a) Bank borrowings

Movements in bank borrowings are analysed as follows:

	Six months ended 30 June	
	2026	2025
At 1 January	**43,502,706**	46,023,961
Additions	**70,231**	3,725,312
Disposals of subsidiaries and derecognition of then subsidiaries	**(285,240)**	(179,239)
Repayments	**(676,020)**	(2,334,117)
Foreign exchange losses	**(25,408)**	(4,287)
At 30 June	**42,586,269**	47,231,630

The effective interest rate of bank borrowings is 6.16% (six months ended 30 June 2025: 5.81%).

(b) Domestic bonds

As at 30 June 2026, the aggregate carrying amount of the Company's domestic bonds (including corporate bonds on stock exchange and bonds on inter-bank bond market) amounted to RMB11,312,064,000 with annualized coupon rates ranging from 1% to 7%.

As at 30 June 2026, the fair values of the 2016 public bonds, the 2016 non-public bonds, the 2018 public bonds and the 2019 public bonds amounted to RMB2,735,715,000 (31 December 2025: RMB2,736,066,000) in total. The fair values were determined with reference to the quoted price on the last trading day of the six months ended 30 June 2026. Such fair values are level 1 of the fair value hierarchy.

As at 30 June 2026, the fair value of the 2020 non-public bonds approximates its carrying amounts. The fair value was based on cash flows discounted at the borrowing rate of 6.3% and is level 2 of the fair value hierarchy.

14. BORROWINGS (Continued)

(b) Domestic bonds (Continued)

The movements of domestic bonds are set out below:

	Six months ended 30 June	
	2026	2025
At 1 January	**11,491,136**	12,462,646
Redemption	**(1,618)**	–
Modification gains	**(323,699)**	–
Interest charged (Note 18)	**503,168**	522,837
Interest paid or included in other payables	**(356,923)**	(468,045)
At 30 June	**11,312,064**	12,517,438

(c) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers (the "Senior Notes").

The total interest in the amounts of approximately USD147,000,000 of the Senior Notes became due and payable in cash on 11 July 2024. Easy Tactic has a grace period of 30 days to make the interest payment. As at 11 August 2024, the grace period has expired. In view of the liquidity pressure currently faced by the Group, Easy Tactic has not made the payment in cash before the expiry.

As at 30 June 2026, the principal amount, interest rates, and maturity dates of the Senior Notes are as follows:

Series	**Principal** (USD'000)	**Interest rate**	**Maturity**
Group A	1,034,162	6.5% Cash/7.5% PIK*	11 July 2025
Group B	1,921,828	6.5% Cash/7.5% PIK*	11 July 2027
Group C	1,571,167	6.5% Cash/7.5% PIK*	11 July 2028
	4,527,157		

* PIK – Payment-in-kind

As at 30 June 2026, the Senior Notes were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (Continued)

(c) Senior notes (Continued)

The movements of Senior Notes are set out below:

	Six months ended 30 June	
	2026	2025
At 1 January	**31,659,843**	32,251,590
Interest charged (Note 18)	**1,429,238**	1,126,382
Interest paid or included in other payables	**(1,369,118)**	(1,055,137)
Foreign exchange gains	**(986,467)**	(134,909)
At 30 June	**30,733,496**	32,187,926

The carrying amounts of the Group's Senior Notes are denominated in USD.

The fair values of the Senior Notes as at 30 June 2026 amounted to RMB1,239,271,000 (31 December 2025: RMB977,133,000). The fair value is determined by reference to the price quotations published by Bloomberg on the last trading date of the period ended 30 June 2026 and is within level 1 of the fair value hierarchy.

(d) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

The movements of other borrowings are set out below:

	Six months ended 30 June	
	2026	2025
At 1 January	**12,719,241**	12,279,652
Additions	**237,172**	380,000
Repayments	**(54,102)**	(71,242)
Interest charged (Note 18)	**900,281**	843,097
Interest paid or included in other payables	**(900,281)**	(843,097)
Foreign exchanges gains	**(8,965)**	(1,075)
At 30 June	**12,893,346**	12,587,335

The carrying amounts of other borrowings as at 30 June 2026 are denominated in RMB and USD.

The effective interest rate of these funding arrangements ranged from 3.0% to 14.8% (six months ended 30 June 2025: 4.88% to 14.8%).

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (Continued)

(e) As at 30 June 2026, bank and other borrowings totaling RMB53,952,118,000 (31 December 2025: RMB54,690,096,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	As at	
	30 June 2026	31 December 2025
Properties under development	**23,239,841**	22,342,939
Completed properties held for sale	**10,734,868**	10,529,823
Property, plant and equipment	**8,243,067**	8,424,437
Investment properties	**18,886,363**	19,088,763
Right-of-use assets	**1,867,420**	1,892,079
Restricted cash	**168,551**	106,377
Financial assets at fair value through other comprehensive income	**127,034**	98,217
	63,267,144	62,482,635

(f) The majority of the unsecured bank and other borrowings are guaranteed by the Company and certain subsidiaries of the Group.

15. 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)

16. 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

17. 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)

18. 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

19. 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.

20. 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.

(All amounts in RMB Yuan thousands unless otherwise stated)

21. 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).

22. FINANCIAL GUARANTEE CONTRACTS

	As at	
	30 June 2026	31 December 2025
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties (Note (a))	**45,330,568**	46,043,861
Guarantees in respect of borrowings of joint ventures (Note (b))	**18,275,474**	10,921,338
Guarantees in respect of borrowings of an associate (Note (b))	**191,418**	–
Subtotal	**18,466,892**	10,921,338
Total	**63,797,460**	56,965,199

Notes:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the bank over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) the satisfaction of relevant mortgage loan by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantee provided for joint ventures and associates for their borrowings.

(c) On 13 January 2023, a facility agreement (the "Trillion Glory Loan") was entered into by, among others, Trillion Glory Limited, a then subsidiary of the Company, as borrower. The keepwell deed with respect to the Trillion Glory Loan for a principal amount of approximately USD602,124,000 and accrued interest. The directors consider that the fair value of the financial guarantees was minimal as at 30 June 2026 and 31 December 2025. The directors of the Group consider that the impact of other financial guarantee contracts is insignificant to the Group.

23. COMMITMENTS

Commitments for capital and property development activities

	As at	
	30 June 2026	31 December 2025
Contracted but not provided for – Property development activities (including land premium)	**6,653,207**	8,342,085

(All amounts in RMB Yuan thousands unless otherwise stated)

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 26.31% and 22.44%, respectively as at 30 June 2026, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

(a) Key management compensation

	Six months ended 30 June	
	2026	2025
Salaries and welfare benefits	**7,330**	7,761

(b) Provision of construction and other services

	Six months ended 30 June	
	2026	2025
Joint ventures	**274,424**	133,760
	274,424	133,760

(c) Provision of guarantees for borrowings

The Group and certain other shareholders of the joint ventures and associates have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. As at 30 June 2026, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(i) Bank borrowings

	As at	
	30 June 2026	31 December 2025
Joint ventures	**12,867,380**	8,827,212
	12,867,380	8,827,212

(ii) Other borrowings

	As at	
	30 June 2026	31 December 2025
A joint venture	**1,272,966**	1,272,966
An associate	**160,210**	–
	1,433,176	1,272,966

(All amounts in RMB Yuan thousands unless otherwise stated)

24. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

(d) Interest income on loans to related parties

	Six months ended 30 June	
	2026	2025
Joint ventures	**1,387**	1,999
An associate	**578,179**	–
	579,566	1,999

(e) Interest expense on borrowings due to related parties

	Six months ended 30 June	
	2026	2025
Major shareholders	**58,420**	59,551
	58,420	59,551

25. LITIGATIONS

As at the reporting date, the Group has the following significant litigations with its business partners which remain outstanding:

(a) A PRC bank as claimant filed a lawsuit against the Group in relation to a loan contact dispute with a claim amount of approximately RMB2.357 billion. Such lawsuit has been accepted by 廣州市中級人民法院 (Guangzhou Intermediate People's Court). As at the reporting date, the lawsuit is still in progress.

(b) A PRC bank as claimant filed a lawsuit against the Group in relation to a loan contact dispute with a claim amount of approximately RMB1.958 billion. Such lawsuit has been accepted by 廣州市中級人民法院 (Guangzhou Intermediate People's Court). As at the reporting date, the lawsuit is still in progress.

(c) A PRC bank as claimant filed a lawsuit against the Group in relation to a loan contact dispute with a claim amount of approximately RMB1.014 billion. Such lawsuit has been accepted by 海南省海口市中級人民法院 (Haikou Intermediate People's Court of Hainan Province). In August 2026, the Haikou Intermediate People's Court of Hainan Province handed down a first instance judgement to order the Group to repay the loan principal and pay the interest and penalty interest to the claimant.

(d) 國興環球土地整理開發有限公司 (Guoxing Global Land Reclamation and Development Co., Ltd.*) ("Guoxing Global") as claimant filed a lawsuit against 富力(北京)地產開發有限公司 (R&F (Beijing) Property Development Co., Ltd.*) ("R&F Beijing"), a subsidiary of the Company, for adjudication by 河北省高級人民法院 (The High People's Court of Hebei Province) (the "Hebei High People's Court") in relation to a contractual dispute over a land development project, in respect of which Guoxing Global claimed against R&F Beijing for land consolidation costs of approximately RMB649 million and interest and legal costs incurred thereon, and counterclaims were made by R&F Beijing against Guoxing Global. Such lawsuit was adjudicated by the Hebei High People's Court and a first instance judgement was handed down in December 2018. Subsequently, both R&F Beijing and Guoxing Global sought and obtained a ruling from 中華人民共和國最高人民法院 (The Supreme People's Court of the People's Republic of China) (the "SPC") to overturn the first instance judgement of the Hebei High People's Court and the lawsuit was reverted to the Hebei High People's Court for retrial. The Hebei High People's Court handed down its first instance retrial judgement, pursuant to which all claims and counterclaims by the parties were dismissed. Afterwards, both R&F Beijing and Guoxing Global filed an appeal with the SPC. As at the reporting date, the appeal with the SPC is still in progress.

SUPPLEMENTARY INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the period ended 30 June 2026 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Loss for the period ended 30 June		Total equity as at	
			30 June	31 December
	2026	2025	**2026**	2025
As stated in accordance with CAS	**(5,046,540)**	(4,024,200)	**356,495**	5,959,064
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(43)**	(15)	**34,113**	34,156
2. Deferred taxation	**11**	4	**(8,529)**	(8,540)
3. Revaluation gains on investment properties transferred from properties under development	**(80,644)**	(7,530)	**3,267**	3,267
4. Revaluation model of subsequent measurement for hotel buildings	**(180,137)**	(50,380)	**1,983,783**	2,163,920
As stated in accordance with HKFRS	**(5,307,353)**	(4,082,121)	**2,369,129**	8,151,867

Notes:

1. The Group adopted SSAP 27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.

3. The revaluation gains on investment properties transferred from properties under development was recognised in income statement under HKFRS, while in accordance with CAS was recognised in other comprehensive income.

4. The Group changed its accounting policies on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020.