禹洲集團控股有限公司

YUZHOU GROUP HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01628)

INTERIM RESULTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

The board of directors (the "**Board**") of Yuzhou Group Holdings Company Limited (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**" or "**Yuzhou Group**") for the six-month period ended 30 June 2026 (the "**Period**"). These interim results have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". These interim results have also been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS

1. Contracted sales achieved RMB2,845.51 million for the six-month period ended 30 June 2026 compared to RMB3,728.51 million for the six-month period ended 30 June 2025, decreased by 23.68%.

2. Revenue was RMB2,656.39 million for the six-month period ended 30 June 2026 compared to RMB2,396.52 million for the six-month period ended 30 June 2025, increased by 10.84%.

3. Loss attributable to owners of the Company was RMB4,745.43 million for the six-month period ended 30 June 2026 compared to RMB5,632.06 million for the six-month period ended 30 June 2025, decreased by 15.74%.

4. Cash and bank balances (including restricted cash) amounted to RMB1,851.48 million as at 30 June 2026 compared to RMB2,456.80 million as at 31 December 2025, decreased by 24.64%.

5. Carrying amounts of current interest-bearing debt amounted to RMB4,246.84 million as at 30 June 2026 compared to RMB3,052.41 million as at 31 December 2025, increased by 39.13%.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended 30 June 2026

		For the six-month period ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**2,656,385**	2,396,521
Cost of sales		**(2,630,133)**	(2,373,971)
Gross profit		**26,252**	22,550
Fair value loss on investment properties, net		**(995,970)**	(727,389)
Other income and gains	*3*	**405,520**	19,631
Selling and distribution expenses		**(75,020)**	(73,083)
Administrative expenses		**(321,120)**	(684,847)
Other expenses		**(278,800)**	(26,643)
Write-down of properties held for sale and properties under development to net realisable value		**(1,855,766)**	(2,923,061)
Impairment of investments in joint ventures and associates		**(337,763)**	(13,918)
Impairment of other receivables		**(540,851)**	(508,138)
Remeasurement of financial guarantee contracts		**37,378**	(249,343)
Impairment of property, plant and equipment		**(642,427)**	–
Finance costs	*5*	**(1,437,652)**	(1,874,212)
Share of profits and losses of joint ventures		**3,677**	(285,266)
Share of profits and losses of associates		**3,732**	(254,504)
LOSS BEFORE TAX	*6*	**(6,008,810)**	(7,578,223)
Income tax (expense)/credit	*7*	**(121,595)**	186,690
LOSS FOR THE PERIOD		**(6,130,405)**	(7,391,533)
Attributable to:			
Owners of the Company		**(4,745,433)**	(5,632,062)
Non-controlling interests		**(1,384,972)**	(1,759,471)
		(6,130,405)	(7,391,533)
			(Restated)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic *(RMB cents per share)*	*9*	**(319.14)**	(761.63)
Diluted *(RMB cents per share)*	*9*	**(319.14)**	(761.63)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the six-month period ended 30 June 2026

	For the six-month period ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(6,130,405)**	(7,391,533)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(92,093)**	97,959
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(92,093)**	97,959
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(6,222,498)**	(7,293,574)
Attributable to:		
Owners of the Company	**(4,837,526)**	(5,534,103)
Non-controlling interests	**(1,384,972)**	(1,759,471)
	(6,222,498)	(7,293,574)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	**30 June 2026** **RMB'000** **(Unaudited)**	31 December 2025 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,160,149**	2,029,108
Investment properties		**8,819,673**	9,951,500
Investments in joint ventures		**999,923**	971,897
Investments in associates		**3,901,999**	4,215,400
Financial assets at fair value through profit or loss ("**FVTPL**")		**5,100**	5,100
Deferred tax assets		**620,436**	622,000
Total non-current assets		**15,507,280**	17,795,005
CURRENT ASSETS			
Land held for property development for sale		**1,288,359**	1,288,359
Properties under development		**6,604,350**	7,809,858
Properties held for sale		**10,452,288**	13,589,719
Prepayments, other receivables and other assets		**21,458,076**	22,951,622
Prepaid corporate income tax		**564,928**	592,138
Prepaid land appreciation tax		**786,884**	834,766
Financial assets at FVTPL		**3,152**	3,976
Restricted cash		**933,335**	1,420,936
Cash and cash equivalents		**918,148**	1,035,867
Total current assets		**43,009,520**	49,527,241
CURRENT LIABILITIES			
Contract liabilities		**2,190,384**	1,975,314
Trade payables	*10*	**4,152,961**	4,268,504
Other payables and accruals		**13,025,285**	13,934,308
Interest-bearing bank and other borrowings		**1,290,270**	2,461,729
Corporate bonds	*11*	**197,750**	485,250
Senior notes	*12*	**2,758,816**	105,432
Corporate income tax payables		**1,791,011**	1,689,319
Provision for land appreciation tax		**1,270,704**	1,261,960
Total current liabilities		**26,677,181**	26,181,816
NET CURRENT ASSETS		**16,332,339**	23,345,425
TOTAL ASSETS LESS CURRENT LIABILITIES		**31,839,619**	41,140,430

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,348,960**	3,917,553
Corporate bonds	*11*	**2,569,250**	2,281,750
Senior notes	*12*	**21,393,005**	23,874,661
Deferred tax liabilities		**963,049**	1,009,635
Total non-current liabilities		**28,274,264**	31,083,599
Net assets		**3,565,355**	10,056,831
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,319,731**	1,319,731
Reserves		**7,308,159**	12,145,291
		8,627,890	13,465,022
Non-controlling interests		**(5,062,535)**	(3,408,191)
Total equity		**3,565,355**	10,056,831

1. CORPORATE AND GROUP INFORMATION

Yuzhou Group Holdings Company Limited is a limited liability company incorporated in the Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

During the period, the Company and its subsidiaries were principally engaged in property development, investment properties, property management and hotel operations in the mainland of the People's Republic of China (the "**PRC**" or "**Mainland China**") and Hong Kong.

In the opinion of the directors of the Company (the "**Directors**"), Mr. Lam Lung On and Ms. Kwok Ying Lan, both being directors of the Company, are considered as the controlling shareholders of the Company.

2.1 BASIS OF PRESENTATION

The condensed consolidated financial statements for the six-month period ended 30 June 2026 has been prepared under the going concern basis. The Group incurred a loss attributable to owners of the Company of RMB4,745,433,000 for the six-month period ended 30 June 2026 and, as of that date, the Group had current interest-bearing bank and other borrowings with a carrying amount of RMB1,290,270,000, current corporate bonds with a carrying amount of RMB197,750,000 and current senior notes with a carrying amount of US$405,057,000 (equivalent to RMB2,758,816,000), while its cash and cash equivalent was RMB918,148,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the aforesaid, the Directors have given careful consideration to the future liquidity and business performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The validity of the going concern assumptions on which the condensed consolidated financial statements have been prepared, depends on the following plans and measures to mitigate the liquidity pressure and to improve the financial position of the Group:

(a) The Group will continue to accelerate the sale of properties, and proactively take measures to improve the recoverability rate of the sales proceeds.

(b) The Group will continue to implement measures to activate the existing assets.

(c) The Group will continue to implement an asset disposal plan for investment properties to replenish liquidity.

(d) The Group will recover funds through business optimization and the disposal of equity investments, while proactively maintaining its strategic focus and resource consolidation.

(e) The Group will continue to negotiate with banks and other financial institutions on repayment extensions, refinancing and new financing to alleviate working capital pressure. Meanwhile, with the support of policies, the Group will seek new financial facilities in the capital market.

(f) The Group will continue to monitor its cash flow and work with professional advisers to assess and take necessary steps to prevent or mitigate imminent risk of non-payment (if any) in respect of the Group's outstanding debts. In the event of a funding shortfall, the Group will promptly implement liability management on debts, including but not limited to extension or restructuring the debts, to ensure that its obligations can be met.

(g) The Group will continue to implement cost control measures and minimized capital expenditures to preserve liquidity for on-going development of its existing property development projects and operation of other businesses.

The Directors have reviewed the Group's cash flow projections prepared by the management, which cover a period up to 31 August 2027. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient financial resources to meet its financial obligations as they fall due for the next fourteen months based on its projected cash flow forecasts.

Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(a) the successful and timely implementation of the plans to accelerate the sale of properties, proactively improve the collection rate of the sales proceeds and other receivables, and control costs so as to generate adequate net cash inflows;

(b) the successful disposal of assets as and when needed; and

(c) the successful renewal of the Group's outstanding debts (including negotiated non-cash settlement of all offshore debt liabilities), refinancing and new financing as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The effects of these potential adjustments have not been reflected in the condensed consolidated financial statements.

2.2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements should be read in conjunction with the 2025 annual financial statements. Other than change in accounting policies resulting from application of amendments to a HKFRS Accounting Standard, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements for the six-month period ended 30 June 2026 are consistent with those used in the Group's annual financial statements for the year ended 31 December 2025.

2.3 APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

The application of these amendments to HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	For the six-month period ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Revenue from contracts with customers:		
Sales of properties	**2,414,226**	2,174,382
Property management fee income	**135,731**	105,234
Hotel operation income	**–**	8
	2,549,957	2,279,624
Revenue from other sources:		
Rental income from investment properties	**106,428**	116,897
	2,656,385	2,396,521
Other income and gains		
Bank interest income	**3,523**	13,834
Gain on cancellation of senior notes *(Note 12(f))*	**398,308**	–
Others	**3,689**	5,797
	405,520	19,631

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the investment properties segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the property management segment engages in the provision of property management services;

(d) the hotel operation segment engages in the operation of hotels; and

(e) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment (loss)/profit, which is a measure of adjusted (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group's loss before tax except that interest income and finance costs are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

For the six-month period ended 30 June 2026

	Property development *RMB'000* **(Unaudited)**	**Investment properties** *RMB'000* **(Unaudited)**	**Property management** *RMB'000* **(Unaudited)**	**Hotel operation** *RMB'000* **(Unaudited)**	**Others** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment revenue						
Sales to external customers	**2,414,226**	**106,428**	**135,731**	**–**	**–**	**2,656,385**
Other income and gains	**401,168**	**533**	**292**	**–**	**4**	**401,997**
Total	**2,815,394**	**106,961**	**136,023**	**–**	**4**	**3,058,382**
Segment results	**(3,484,201)**	**(1,090,733)**	**8,602**	**(218)**	**(8,131)**	**(4,574,681)**
Reconciliation:						
Interest income						**3,523**
Finance costs						**(1,437,652)**
Loss before tax						**(6,008,810)**
Income tax expense						**(121,595)**
Loss for the period						**(6,130,405)**

For the six-month period ended 30 June 2025

	Property development *RMB'000* (Unaudited)	Investment properties *RMB'000* (Unaudited)	Property management *RMB'000* (Unaudited)	Hotel operation *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue						
Sales to external customers	2,174,382	116,897	105,234	8	–	2,396,521
Other income and gains	5,280	454	53	–	10	5,797
Total	2,179,662	117,351	105,287	8	10	2,402,318
Segment results	(5,122,374)	(619,394)	33,945	(162)	(9,860)	(5,717,845)
Reconciliation:						
Interest income						13,834
Finance costs						(1,874,212)
Loss before tax						(7,578,223)
Income tax credit						186,690
Loss for the period						(7,391,533)

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about a major customer

During the six-month periods ended 30 June 2026 and 2025, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six-month period ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings, corporate bonds and senior notes	**1,556,091**	2,062,908
Less: Interest capitalised	**(118,439)**	(188,696)
Total	**1,437,652**	1,874,212

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six-month period ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold	**2,506,703**	2,306,839
Cost of services provided	**123,430**	67,132
Depreciation	**36,235**	25,342
Loss on disposal of a subsidiary*	**170,820**	–
Loss on properties revaluation*#	**81,711**	–
Employee benefit expense (including directors' and chief executive officer's remuneration):		
Wages and salaries	**52,921**	60,430
Equity-settled share option expenses	**394**	2,953
Retirement benefit scheme contributions	**6,703**	9,833
Less: amount capitalised	**(3,582)**	(8,535)
	56,436	64,681
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**9,660**	7,387

* *These items are included in "Other expenses" in the condensed consolidated statement of profit or loss.*

\# *During the period ended 30 June 2026, certain owned properties vacated by the Group and marketed for operating lease were transferred to investment properties. On the transferred date, they were revalued at an aggregate fair value of RMB98,737,000, resulting in a revaluation deficit of RMB81,711,000.*

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the period as the Group has no assessable profits generated during the period (six-month period ended 30 June 2025: Nil). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for each of the six-month periods ended 30 June 2026 and 2025.

An analysis of the income tax charge/(credit) for the period is as follows:

	For the six-month period ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current:		
PRC corporate income tax	**6,220**	108,375
Under/(over) provision in prior years	**26,462**	(80,774)
PRC land appreciation tax	**133,935**	18,120
	166,617	45,721
Deferred:		
Current period	**(45,022)**	(232,411)
Total tax charge/(credit) for the period	**121,595**	(186,690)

8. INTERIM DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six-month periods ended 30 June 2026 and 2025.

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount for the periods ended 30 June 2026 and 2025 is based on the loss for the period attributable to owners of the Company, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares of 1,487,986,995 (six-month period ended 30 June 2025: 758,296,188*) in issue less the weighted average number of shares of 1,032,450 (six-month period ended 30 June 2025: 1,032,450*) held under the share award scheme.

The calculation of the diluted loss per share amount is based on the loss for the period attributable to owners of the Company, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted loss per share are based on:

	For the six-month period ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(4,745,433)**	(5,632,062)
Distribution related to senior perpetual securities	**–**	(135,503)
Loss used in the basic and diluted loss per share calculations	**(4,745,433)**	(5,767,565)

	Number of shares For the six-month period ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue less the weighted average number of shares held under the share award scheme during the period, used in the basic loss per share calculation	**1,486,954,545**	757,263,738*
Weighted average number of ordinary shares in issue during the period, used in the diluted loss per share calculation	**1,486,954,545**	757,263,738*

* *The weighted average number of ordinary shares for the period ended 30 June 2025 has been retrospectively adjusted to reflect the share consolidation and the bonus element arising from the rights issue as disclosed in note 33 of the Group's consolidated financial statements for the year ended 31 December 2025.*

10. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**1,095,300**	1,149,172
1 to 2 years	**3,057,661**	3,119,332
	4,152,961	4,268,504

The trade payables are non-interest-bearing and unsecured.

11. CORPORATE BONDS

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Corporate bonds due in 2028	**1,075,000**	1,075,000
Corporate bonds due in 2029	**1,692,000**	1,692,000
	2,767,000	2,767,000
Portion classified as current liabilities	**(197,750)**	(485,250)
Non-current liabilities	**2,569,250**	2,281,750

Included in the above are bonds in an aggregate principal amount of:

(i) RMB2,000,000,000 corporate bonds due in 2028 issued by a subsidiary of the Company in April 2019 (the "**6.5% Corporate Bonds**"). The 6.5% Corporate Bonds have a term of five years and bear interest at a rate of 6.5% per annum. The 6.5% Corporate Bonds are unsecured. At the end of the second, third and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. In April 2021, the coupon rate was adjusted to 6.98% per annum. During the year ended 31 December 2023, a large Chinese state-owned asset management company repaid 6.5% Corporate Bonds with a principal amount of RMB925,000,000 on behalf of the Company. In January 2026, the coupon rate was adjusted to 2% per annum, and the Group obtained approval from the respective bondholders of the 6.5% Corporate Bonds for the extension of the maturity date. According to the related extension arrangement, the Group is required to settle 5% of the outstanding principal in April 2027, 10% in October 2027, 20% in January 2028 and the remaining 65% in April 2028, therefore the remaining balance of RMB53,750,000 and RMB1,021,250,000 are classified as current liabilities and non-current liabilities respectively as at 30 June 2026. The balances of RMB53,750,000 and RMB1,021,250,000 were classified as current liabilities and non-current liabilities respectively as at 31 December 2025.

(ii) RMB1,500,000,000 corporate bonds due in 2029 issued by a subsidiary of the Company in July 2020 (the "**6.5% Corporate Bonds II**"). The 6.5% Corporate Bonds II have a term of five years and bear interest at a rate of 6.5% per annum. At the end of the second and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. During the years ended 31 December 2024 and 2025, the Group repaid RMB168,750,000 and RMB54,000,000 of the corporate bonds respectively. At the end of the reporting period, the remaining balance is RMB846,000,000. In January 2026, the coupon rate was adjusted to 2% per annum, and the Group obtained approval from the respective bondholders of the 6.5% Corporate Bonds II for the extension of the maturity date. According to the related extension arrangement, the Group is required to settle 8.51% of the outstanding principal in January 2027, 10.64% in July 2027, 31.91% in 2028, and the remaining 48.94% in 2029. Therefore, as at 30 June 2026, the remaining balance of RMB72,000,000 is classified as current liabilities, and RMB774,000,000 is classified as non-current liabilities. The 6.5% Corporate Bond II are pledged over the Group's equity interests in certain subsidiaries. The balance of RMB162,000,000 and RMB684,000,000 were classified as current liabilities and non-current liabilities respectively as at 31 December 2025.

(iii) RMB1,500,000,000 corporate bonds due in 2029 issued by a subsidiary of the Company in September 2020 (the "**6.5% Corporate Bonds III**"). The 6.5% Corporate Bonds III have a term of five years and bear interest at a rate of 6.5% per annum. At the end of the second and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. During the years ended 31 December 2024 and 2025, the Group repaid RMB168,750,000 and RMB54,000,000 of the corporate bonds respectively. At the end of the reporting period, the remaining balance is RMB846,000,000. In January 2026, the coupon rate was adjusted to 2% per annum, and the Group obtained approval from the respective bondholders of the 6.5% Corporate Bonds III for the extension of the maturity date. According to the related extension arrangement, the Group is required to settle 8.51% of the outstanding principal in March 2027, 10.64% in September 2027, 31.91% in 2028, and the remaining 48.94% in 2029. Therefore, as at 30 June 2026, the remaining balance of RMB72,000,000 is classified as current liabilities, and RMB774,000,000 is classified as non-current liabilities. The 6.5% Corporate Bond III are pledged over the Group's equity interests in certain subsidiaries. The balance of RMB162,000,000 and RMB684,000,000 were classified as current liabilities and non-current liabilities respectively as at 31 December 2025.

12. SENIOR NOTES

		30 June 2026 (Unaudited)				31 December 2025 (Audited)			
	Notes	**Effective interest rate (%)**	**Maturity**	**Carrying amount at amortised cost** *RMB'000*	**Outstanding principal and interest amount** *USD'000*	Effective interest rate (%)	Maturity	Carrying amount at amortised cost *RMB'000*	Outstanding principal and interest amount *USD'000*
2025 Senior Notes – 6.00%	*(a)*	**11.87**	**2027**	**2,758,816**	**422,354**	11.87	2027	2,693,069	410,053
2025 Senior Notes – 4.00%	*(b)*	**11.75**	**2028**	**2,416,619**	**409,154**	11.75	2028	2,360,294	401,132
2025 Senior Notes – 4.50%	*(c)*	**11.73**	**2029**	**4,012,074**	**715,964**	11.73	2029	3,918,824	700,209
2025 Senior Notes – 5.00%	*(d)*	**11.76**	**2030**	**5,164,859**	**960,312**	11.76	2030	5,044,054	936,890
2025 Senior Notes – 5.50%	*(e)*	**11.83**	**2031**	**7,065,380**	**1,353,674**	11.83	2031	6,898,255	1,317,444
2025 Senior Notes – 1.00%	*(f)*	**12.05**	**2034**	**2,734,073**	**921,254**	12.05	2034	3,065,597	1,053,751
				24,151,821	**4,782,712**			23,980,093	4,819,479
Portion classified as current liabilities				**(2,758,816)**	**(405,057)**			(105,432)	(15,000)
No-current portion				**21,393,005**	**4,377,655**			23,874,661	4,804,479

Notes:

(a) On 29 August 2025, the Company issued 6% senior notes (the "**2025 Senior Notes-6%**") with an aggregate principal amount of US$398,109,461 (approximately RMB2,827,772,000). The 2025 Senior Notes-6% will mature on 30 June 2027 and are subject to mandatory redemption on 30 December 2026. Interest is payable semi-annually. For the interest period ended 30 June 2026, interest of 1% of the principal amount, being US$2,050,264 (approximately RMB14,131,000), was accrued, with the remaining interest paid in kind by increasing the principal amount. As at 30 June 2026, the carrying amount of US$405,057,391 (approximately RMB2,758,816,000) was classified as current liabilities in respect of the mandatory redemption.

(b) On 29 August 2025, the Company issued 4% senior notes (the "**2025 Senior Notes-4%**") with an aggregate principal amount of US$393,266,194 (approximately RMB2,793,370,000). The 2025 Senior Notes-4% will mature on 30 June 2028. Interest is payable semi-annually. For the interest period ended 30 June 2026, interest was paid in kind by increasing the principal amount.

(c) On 29 August 2025, the Company issued 4.5% senior notes (the "**2025 Senior Notes-4.5%**") with an aggregate principal amount of US$684,801,163 (approximately RMB4,864,143,000). The 2025 Senior Notes-4.5% will mature on 30 June 2029. Interest is payable semi-annually. For the interest period ended 30 June 2026, interest was paid in kind by increasing the principal amount.

(d) On 29 August 2025, the Company issued 5% senior notes (the "**2025 Senior Notes-5%**") with an aggregate principal amount of US$914,039,150 (approximately RMB6,492,420,000). The 2025 Senior Notes-5% will mature on 30 June 2030. Interest is payable semi-annually. For the interest period ended 30 June 2026, interest was paid in kind by increasing the principal amount.

(e) On 29 August 2025, the Company issued 5.5% senior notes (the "**2025 Senior Notes-5.5%**") with an aggregate principal amount of US$1,282,183,956 (approximately RMB9,107,353,000). The 2025 Senior Notes-5.5% will mature on 30 June 2031. Interest is payable semi-annually. For the interest period ended 30 June 2026, interest was paid in kind by increasing the principal amount.

(f) On 29 August 2025, the Company issued 1% senior notes (the "**2025 Senior Notes-1%**") with an aggregate principal amount of US$1,048,507,976 (approximately RMB7,447,552,000). The 2025 Senior Notes-1% will mature on 30 June 2034. Interest is payable semi-annually. During the period, the Company cancelled the senior notes whose claim period had expired and whose beneficial rights had lapsed, in an aggregate principal amount of US$137,268,654 in accordance with the holding period trust deed dated 29 August 2025, recognising gain of USD57,790,120 (approximately RMB398,308,000). For the interest period ended 30 June 2026, interest was paid in kind by increasing the principal amount.

(g) The senior notes of the Group are denominated in United States dollars and are secured by pledges over the equity interests of certain subsidiaries of the Company.

13. EVENTS AFTER THE REPORTING PERIOD

On 7 July 2026, the Group entered into a formal agreement to dispose of certain office units (the "**Property**") on the 58th Floor of The Center, No. 99 Queen's Road Central, Hong Kong, at a consideration of approximately HK$268.8 million. The disposal is expected to result in a loss of approximately HK$83.0 million, based on the carrying amount of the Property as at 30 April 2026. Completion is expected on or before 30 September 2026, subject to approval on sub-sub-deed of mutual covenant of the 58th Floor of The Center by the Legal Advisory and Conveyancing Office of the Lands Department of Hong Kong, the manager of The Center, and the mortgagee under the mortgage over the whole of the 58th Floor, The Center. The shareholders' approval has been obtained at the extraordinary general meeting held on 14 August 2026, further details are set out in the Group's announcement dated 14 August 2026. Upon completion, the Group will lease back the owner-occupied portion of the Property. Further details are set out in the Group's circular dated 28 July 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Review

In the first half of 2026, despite the introduction of national macro-level policies such as "controlling incremental supply and optimising the supply structure" by the Central Government, and proactive measures taken by local governments to restore market confidence in the real estate sector, with certain popular districts in core cities showing signs of a tentative recovery, the national property market remained in an L-shaped trough characterised by weak demand and high inventory levels. The prolonged destocking cycle of existing stock-particularly in respect of shops, office premises and residential properties in third-tier and fourth-tier cities-indicates that the real estate industry has moved beyond the era of incremental growth and has fully entered a phase of intense stock-property-market competition and brutal market clearing.

On the sales front, affected by the delayed Spring Festival holiday, the new-home sales market continued to experience subdued trading conditions in January and February. Although March saw the traditional "short-lived resurgence", overall sales value still recorded a period-on-period decline. Moving into the second quarter, the decline in new-home sales continued to narrow, while the secondary market emerged as a notable bright spot, with its transaction share rising steadily and even reaching as high as 70% in certain cities. The secondary market has effectively become the primary driver of property transactions in the current market environment.

In the land market, the overall tender, auction and listing market continued its contractionary trend in the first half of the year, with the exception of quality sites in a handful of core cities. In terms of bidder composition, state-owned and central state-owned enterprises continued to dominate, with their investment footprints further concentrating on high-tier cities. Hangzhou, Shanghai, Beijing, Guangzhou and Shenzhen led the country in total land transfer revenue, reflecting an accelerating concentration of market resources towards core areas.

Overall Performance

During the Period, the revenue of the Group increased by 10.84% on a period-on period basis to RMB2,656.39 million. The loss amounted to RMB6,130.41 million in the first half of 2026. The total equity amounted to RMB3,565.36 million. The Board resolved not to recommend the payment of an interim dividend for the six-month period ended 30 June 2026.

Sale of Properties

During the Period, the Group's revenue from property sales increased by 11.03% on a period-on-period basis to RMB2,414.23 million, accounting for 90.88% of the total revenue of the Group. The Group delivered a total gross floor area ("**GFA**") of approximately 175,046 sq.m.. The increase of revenue from property sales was mainly attributable to the increase in the average selling price of the properties delivered during the Period. The average selling price of the properties delivered and recognized as property sales in the first half of 2026 was RMB13,792 per sq.m..

By geographic distribution, Guangdong – Hong Kong – Macao Greater Bay Area (the "**Greater Bay Area**"), Yangtze River Delta Region, Central China Region, Bohai Rim Region, West Strait Economic Zone and Southwest Region contributed 73.20%, 11.86%, 6.01%, 3.40%, 3.11% and 2.42% of the recognized revenue, respectively. Greater Bay Area, in particular, stood as the principal contributor. Going forward, the Group will stick to its strategy of "Leading with Locality Development", facilitate synergetic development of various regions and inject more diversity into the revenue streams of the Group.

The recognized sales and GFA sold in each region in the first half of 2026 are set out in the following table:

Name of regions	**Amount**	**Saleable GFA**	**Average Selling Price (after tax)**
	(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*
West Strait Economic Zone	75,090	13,813	5,436
Yangtze River Delta Region	286,369	32,499	8,812
Bohai Rim Region	82,110	4,161	19,733
Central China Region	145,088	36,229	4,005
Greater Bay Area	1,767,185	78,737	22,444
Southwest Region	58,384	9,607	6,077
Total sales of properties recognized	2,414,226	175,046	13,792

The recognized sales and GFA sold in each region in the first half of 2025 are set out in the following table:

Name of Regions	**Amount**	**Saleable GFA**	**Average Selling Price (after tax)**
	(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*
West Strait Economic Zone	76,584	10,304	7,432
Yangtze River Delta Region	460,331	51,123	9,004
Bohai Rim Region	621,071	82,126	7,562
Central China Region	694,429	89,505	7,759
Greater Bay Area	259,258	29,965	8,652
Southwest Region	62,709	15,376	4,078
Total sales of properties recognized	2,174,382	278,399	7,810

Contracted Sales

During the Period, the Group's accumulated contracted sales amounted to RMB2,845.51 million. The GFA of contracted sales amounted to 215,944 sq.m. and the contracted average selling price was approximately RMB13,177 per sq.m..

The Yangtze River Delta Region recorded contracted sales of RMB1,254.60 million in the first half of 2026, accounting for 44.09% of the Group's total contracted sales and remained the larger contributor to the contracted sales of the Group. The total contracted sales of the Greater Bay Area amounted to RMB1,013.09 million, accounting for 35.60% of the Group's total contracted sales. Such stable sales proportion reflected the advantage and achievement of Yuzhou Group's strategic footprint in the Greater Bay Area. The total contracted sales of the Bohai Rim Region and West Strait Economic Zone amounted to RMB432.13 million, accounting for 15.19% of the Group's total contracted sales. The Southwest Region and Central China Region also contributed total contracted sales in the amount of RMB145.69 million, accounting for 5.12% of the Group's total contracted sales.

During the Period, the real estate industry remained in a difficult bottoming-out process. While the rate of decline in sales moderated, the market had yet to emerge from the trough. In response to the persistent market downturn, Yuzhou Group proactively responded by adopting all available marketing strategies and making every effort to drive sales, thereby providing a buffer for its sales performance. Despite the concerted efforts and dedication of the entire group, sales in the first half of the year nevertheless recorded a period-on-period decrease of 23.68%. This was attributable to, on the one hand, the fact that close to half of the Group's remaining saleable value comprised commercial properties, office premises and car parking spaces-property types for which market demand was severely insufficient, rendering the destocking process extremely challenging and the sales cycle considerably longer. Even price reductions failed to achieve the expected destocking targets. On the other hand, in terms of geographical distribution, over half of the saleable resources were located in cities with weaker economic fundamentals, primarily in the Southwest Region, the West Strait Economic Zone, the Bohai Rim Region and the Central China Region, whereas the Yangtze River Delta Region and the Greater Bay Area-both economically stronger regions-accounted for less than 50% of the remaining saleable resources. The combination of product mix imbalance and unfavourable geographical positioning has subjected the Group to persistent structural pressure on sales. This divergence is expected to widen further as highly marketable products become increasingly scarce, and highly liquid resources in more favourable cities are progressively depleted-which will in turn exacerbate the imbalance in the Group's future product mix and geographical distribution, prolonging the destocking cycle and rendering future destocking efforts even more challenging.

The contracted sales and GFA sold in each region in the first half of 2026 are set out in the following table:

Name of Regions	**Total Amount of Contracted Sales** *(RMB'000)*	**GFA of Contracted Sales** *(sq.m.)*	**Average Contracted Selling Price** *(RMB/sq.m.)*
West Strait Economic Zone	185,383	13,209	14,035
Yangtze River Delta Region	1,254,600	109,407	11,467
Central China Region	35,949	6,336	5,674
Greater Bay Area	1,013,086	46,014	22,017
Southwest Region	109,741	12,188	9,004
Bohai Rim Region	246,748	28,790	8,571
Total	2,845,507	215,944	13,177

The contracted sales and GFA sold in each region in the first half of 2025 are set out in the following table:

Name of Regions	Total Amount of Contracted Sales *(RMB'000)*	GFA of Contracted Sales *(sq.m.)*	Average Contracted Selling Price *(RMB/sq.m.)*
West Strait Economic Zone	73,999	6,570	11,263
Yangtze River Delta Region	2,019,384	132,043	15,293
Central China Region	222,331	18,220	12,203
Greater Bay Area	943,743	45,531	20,727
Southwest Region	123,597	11,856	10,425
Bohai Rim Region	345,456	40,369	8,557
Total	3,728,510	254,589	14,645

Investment Properties

The Group's investment properties segment covers a variety of commercial properties and strives to shape three product lines, namely "Yu Yue" brand for shopping centers, "Yuzhou Plaza" brand for office buildings and shopping streets, so as to meet the needs of various consumption groups in cities. The Yuzhou investment properties projects, whose business is mainly operated in economically developed areas such as the West Strait Economic Zone, Yangtze River Delta Region and the Greater Bay Area, currently cover areas of Shanghai, Shenzhen, Hangzhou, Xiamen, Nanjing, Suzhou, Hefei, Wuhan and Quanzhou. There were a total of 39 projects, consisting of 32 projects under operation and 7 projects in the preparation period. These projects covered a commercial area of over 1.53 million sq.m., where shopping center, office building and community business accounted for 60%, 20% and 20%, respectively.

In the first half of 2026, drawing upon the experience economy and anchored in Minnan merchant culture, Yuzhou Commercial continued to deepen its "Minnan Cultural Communication Strategy", rolling out close to a thousand quality events nationwide centred around its two original IP initiatives. In the first quarter, under the theme of "Blossoming Wonderland – A Prosperous Start to the Year", the Group leveraged local folk customs to drive festive foot traffic: Xiamen Yu Yuehui successfully hosted the 2026 (5th) Xiamen New Year Goods Festival, and jointly launched the "Electric Music San Tai Zi" parade with Quanzhou Yu Yuehui, achieving a deep integration of traditional folk culture and modern commercial scenarios. In the second quarter, Yuzhou Commercial introduced the "Hahaha Life Festival", leveraging casual social experiences to engage with the younger demographic, continuously delivering emotional value and redefining commercial spaces as social gathering hubs. With keen insight into consumers' emotional needs, Yuzhou Commercial built a marketing matrix around the experience economy, accumulating over 14.18 million visits in the first half of the year. Each project capitalised on seasonal market hotspots such as New Year festive shopping, spring outings and holiday leisure, sustaining consumer visitation momentum.

Yuzhou Plaza, the core office portfolio brand under Yuzhou Commercial, has consistently upheld the U-Square service system as its core philosophy, deeply integrating user needs, office scenarios and professional services to establish a comprehensive business platform underpinned by three core pillars, namely assurance services, warm-hearted services and functional services. The brand has meticulously developed a six-pillar service framework encompassing "Yu-Professional", "Yu-Assured", "Yu-Butler", "Yu-Vibrant", "Yu-Space" and "Yu-Resources", designed to deliver efficient, comfortable and value-added office and living experiences to tenants through precise insight into user needs, efficient integration of the Group's extensive product space offerings, and diversified resources and professional service advantages.

Hotel Operation

In the first half of 2026, the Group's hotels adopted a diversified and innovative model of operation and management by continuously optimizing the existing operation and management system as well as upgrading the brand with a focus on the improvement of service quality, consumer experience and customer reputation, so as to create more space for the revenue growth of the Group on an ongoing basis. In addition, Camelon Hot Spring Hotel in Tong'an District of Xiamen, Camelon Business Hotel in Hui'an of Quanzhou, and hotels in Feidong of Hefei, Taizi Lake of Wuhan and Jinhui Area of Fengxian District, Shanghai, etc. were still under construction. Sticking to the service concept of "family-like service for you", the Group will bring high-quality service experience to its customers.

Quality, Safety and Product Line Design

Over the years, Yuzhou Group has always adhered to the concept of low-carbon environmental protection and green development, attached great importance to sustainable development, and taken the initiative to respond to the national goal of "carbon peaking and carbon neutrality" by building green boutique projects with "craftsmanship" and continuously increasing its practice of green building, striving to construct ecological communities where people and nature can coexist in harmony. "Environmental protection and energy saving, building green communities" has always been one of the development philosophies of Yuzhou Group's projects. As at 30 June 2026, 145 property projects of the Group (with a total area of over 21 million sq.m.) have achieved green building standards, of which approximately 5.55 million sq.m. have even reached two-star or above green building standards, either nationally or internationally.

During the Period, while building upon the heritage and advancing the three residential product series, namely "Royale", "Langham" and "Honor", Yuzhou Group also made certain improvements by further standardizing the product system and clarifying the top-level design concept of products, so as to fully demonstrate the products' values and orientation and satisfy the changing market demand at this stage. Yuzhou Group always remained committed to enhancing its products strength, strived to provide customers with refined, high-quality residences that return to the essence of life. The "Temperature Space" series of products were built around "1 core, 3 spaces, 5 product propositions, 6 product values" and were constantly innovating and iterating. Adopting a human-centric approach, the product design seamlessly integrates the natural environment and local living habits, starting from the product details. As time goes by, the highlights of life scenes are continuously presented. Whether watching the morning glow rise from the city horizon or the sunset gently fade into the bay; whether enjoying the river-view gardens enveloped in lush greenery or experiencing the exhilaration of a workout on the epoxy jogging tracks; whether indulging in the leisure of urban camping right at their doorstep or gathering with friends for lively chats; and whether letting children run freely in the living room or enjoying peaceful moments and restful sleep under the soft glow of night lights. These thoughtfully crafted living scenarios transform the property from a mere living space into a haven that enriches every facet of the owners' quality of life.

Land Reserves

Adhering to its strategic deployment of leading with locality development and following the principle of "In-depth Cultivation", the Group develops the six metropolitan areas in the Yangtze River Delta Region, West Strait Economic Zone, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region. As at 30 June 2026, the Group had land reserves amounting to approximately 6.00 million sq.m. of aggregate saleable GFA, with 111 projects located in 36 cities in the six metropolitan areas. The average land cost was approximately RMB6,218 per sq.m.. The Group believes that its land reserves currently held and managed are sufficient for its development over the next two to three years.

Saleable GFA of Land Reserves (sq.m.)
(As at 30 June 2026)

Region	**Number of projects**	**GFA** *(sq.m.)*	**As of Total**
West Strait Economic Zone			
Xiamen	17	332,008	5.5%
Fuzhou	3	41,651	0.7%
Quanzhou	2	138,126	2.3%
Zhangzhou	2	635,519	10.6%
Sub-total	**24**	**1,147,304**	**19.1%**
Yangtze River Delta Region			
Shanghai	11	409,305	6.8%
Nanjing	7	134,374	2.2%
Hangzhou	1	2,134	0.0%
Shaoxing	1	90,113	1.5%
Ningbo	1	8,437	0.1%
Suzhou	9	173,806	2.9%
Changzhou	1	3,697	0.1%
Wuxi	3	54,753	0.9%
Hefei	10	344,204	5.7%
Bengbu	1	4,551	0.1%
Yangzhou	2	220,446	3.7%
Zhoushan	1	8,728	0.2%
Xuzhou	1	1,689	0.0%
Sub-total	**49**	**1,456,237**	**24.2%**

Region	Number of projects	GFA *(sq.m.)*	As of Total
Bohai Rim Region			
Beijing	1	20,270	0.3%
Tianjin	7	999,938	16.7%
Qingdao	3	52,260	0.9%
Shijiazhuang	1	3,761	0.1%
Tangshan	1	154,284	2.5%
Shenyang	1	4,570	0.1%
Sub-total	**14**	**1,235,083**	**20.6%**
Central China Region			
Wuhan	3	222,147	3.7%
Xinxiang	1	15,387	0.3%
Kaifeng	1	2,339	0.0%
Zhengzhou	3	436,090	7.3%
Sub-total	**8**	**675,963**	**11.3%**
Greater Bay Area			
Hong Kong	1	952	0.0%
Shenzhen	1	51,281	0.9%
Huizhou	1	223,748	3.7%
Foshan	3	84,345	1.4%
Zhongshan	1	254	0.0%
Jiangmen	1	87,471	1.5%
Sub-total	**8**	**448,051**	**7.5%**
Southwest Region			
Chongqing	4	301,987	5.0%
Chengdu	1	51	0.0%
Sub-total	**5**	**302,038**	**5.0%**
Total	**108**	**5,264,676**	**87.7%**
Urban Redevelopment			
Greater Bay Area			
Shenzhen	1	42,514	0.7%
Zhuhai	1	586,829	9.8%
Huizhou	1	107,620	1.8%
Total	**3**	**736,963**	**12.3%**
Grand total	**111**	**6,001,639**	**100.0%**

Revenue

The revenue of the Group was mainly derived from four business categories, including property sales revenue, rental income from investment properties, property management fee income and hotel operation income. For the six-month period ended 30 June 2026, the total revenue of the Group was RMB2,656.39 million, increased by 10.84% on a period-on-period basis. This was mainly due to an increase in recognized property sales revenue, driven by an increase in the average selling price of the properties delivered during the Period. Specifically, property sales revenue was approximately RMB2,414.23 million, increased by 11.03% compared to the corresponding period last year, accounting for 90.88% of the total revenue; property management fee income was approximately RMB135.73 million, increased by 28.98% on a period-on-period basis; and rental income from investment properties was approximately RMB106.43 million, decreased by 8.96% on a period-on-period basis.

Cost of Sales

The cost of sales mainly encompassed land cost, construction cost, capitalized interest of the Group and fair value adjustments on properties upon reclassification to subsidiaries from joint ventures and associates in prior periods. For the six-month period ended 30 June 2026, the cost of sales of the Group was RMB2,630.13 million, up by 10.79% from RMB2,373.97 million in the corresponding period in 2025. The increase in the cost of sales was mainly due to the increase of proportion of properties in high-tier cities delivered by the Group during the Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group was RMB26.25 million in the first half of 2026, and the gross profit margin was 0.99%. The increase in gross profit was mainly due to the increase in the average selling price of the properties delivered by the Group during the Period.

Fair Value Loss on Investment Properties

During the first half of 2026, the Group recorded a fair value loss on investment properties of RMB995.97 million (first half of 2025: RMB727.39 million). The fair value loss on investment properties was mainly due to fair value loss of the investment properties situated in Xiamen, Shanghai, Hefei and Hong Kong.

Other Income and Gains

Other income and gains increased from RMB19.63 million in the first half of 2025 to RMB405.52 million in the first half of 2026. The increase in other income and gains was mainly due to the recorded gain on cancellation of senior notes of RMB398.31 million in the first half of 2026.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by 2.65% from approximately RMB73.08 million in the first half of 2025 to approximately RMB75.02 million in the first half of 2026. With a proactive marketing measure, the Group increased the marketing and promoting expenses in the first half of 2026.

Administrative Expenses

Administrative expenses of the Group decreased from approximately RMB684.85 million in the first half of 2025 to approximately RMB321.12 million in the first half of 2026, which was mainly due to the decrease in exchange loss during the Period.

Other Expenses

Other expenses increased from approximately RMB26.64 million in the first half of 2025 to approximately RMB278.80 million in the first half of 2026, which was mainly due to loss on disposal of a subsidiary and loss on properties revaluation during the Period.

Finance Costs

Finance costs of the Group decreased from approximately RMB1,874.21 million in the first half of 2025 to approximately RMB1,437.65 million in the first half of 2026, which was mainly due to the decrease in principal on borrowings.

Share of Profits and Losses of Joint Ventures

The Group's share of profits of joint ventures was approximately RMB3.68 million in the first half of 2026, as compared to share of losses of approximately RMB285.27 million in the first half of 2025. In the first half of 2026, the total revenue of joint ventures amounted to RMB276.27 million, and the gross loss margin of joint ventures was 7.25%.

Share of Profits and Losses of Associates

The Group's share of profits of associates was approximately RMB3.73 million in the first half of 2026, as compared to share of losses of approximately RMB254.50 million in the first half of 2025. In the first half of 2026, the total revenue of associates amounted to RMB828.65 million, and the gross loss margin of associates was 33.91%.

Income Tax

Income tax expense of the Group was approximately RMB121.60 million in the first half of 2026, as compared to income tax credit of approximately RMB186.69 million in the first half of 2025. The increase in income tax expense was mainly due to provision for land appreciation tax for certain property development projects and certain tax credit not being recognised during the Period.

Loss for the Period

In the first half of 2026, the loss for the Period of the Group amounted to RMB6,130.41 million, compared with RMB7,391.53 million for the corresponding period, was mainly resulted from the write-down of properties held for sales and properties under development to net realisable value, finance costs and and fair value loss on investment properties during the Period.

Loss Attributable to Non-controlling Interests

In the first half of 2026, the loss attributable to non-controlling interests of the Group amounted to RMB1,384.97 million, compared with RMB1,759.47 million for the corresponding period, was mainly attributable to the write-down of properties held for sale and properties under development to net realisable value, fair value loss on investment properties and losses on certain non-wholly-owned projects.

Basic Loss per Share

For the period ended 30 June 2026, basic loss per share was RMB3.19.

Liquidity and Financial Resources

The Group did not issue any new senior notes during the period and recorded a weighted average finance cost of 10.02%.

Cash Position

As at 30 June 2026, the Group had cash and cash equivalents and restricted cash of approximately RMB1,851.48 million.

Borrowings

The Group adopts prudent financial policy for proactively conducting debt management and optimizing debt structure to ensure balance in financial risks and cut-down of finance costs.

As at 30 June 2026, the Group had total interest-bearing bank and other borrowings, corporate bonds and senior notes balance of RMB31,558.05 million, of which certain loans were secured by certain investment properties, properties held for sale and properties under development of the Group, representing a decrease of 4.73% as compared to RMB33,126.38 million as at 31 December 2025. Such decrease was due to repayment of bank and other borrowings for the Period. The weighted average interest rate of borrowings was 10.02%, increased by 0.07 percentage point from 9.95% for the year ended 31 December 2025. As at 30 June 2026, asset-liability ratio after excluding advance receipts (total liability after excluding contract liabilities divided by total asset after excluding contract liabilities) was 93.67%, which was up by 9.06 percentage points as compared to that as at 31 December 2025.

Net Gearing Ratio

As of 30 June 2026, the Group's net gearing ratio (calculated as the interest-bearing bank and other borrowings, corporate bonds and senior notes less cash and cash equivalents and restricted cash and then divided by total equity) was 833.20%.

As at 30 June 2026, the Group provided guarantees to banks amounting to RMB7,949.83 million (31 December 2025: RMB9,058.98 million) in respect of mortgage facilities granted to certain purchasers of the Group's properties. The amounts of guarantee to banks and other lenders by the Group in respect of facilities granted to joint ventures and associates were RMB52.92 million (31 December 2025: RMB52.92 million) and RMB816.25 million (31 December 2025: RMB954.50

million), respectively. The amounts of guarantee to banks and other lenders by the Group in respect of facilities granted to certain contractors for construction cost were RMB1.40 million (31 December 2025: RMB6.24 million).

Currency Risk

As of 30 June 2026, the Group had total bank and other borrowings, corporate bonds and senior notes of approximately RMB31,558.05 million, of which approximately 21.26% was denominated in RMB and 78.74% was denominated in Hong Kong dollars and United States dollars.

As at 30 June 2026, the proportions of bank and other borrowings, corporate bonds, senior notes and cash balance of the Group in terms of the currencies were as follows:

	Bank and other borrowings, corporate bonds, and senior notes balance *(RMB'000)*	**Cash balance*** *(RMB'000)*
HK$	400,058	52,394
RMB	6,707,866	1,780,534
US$	24,450,127	18,555
Total	31,558,051	1,851,483

* *Including restricted cash*

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Future Plans for Material Investments or Capital Asset

The Group did not have detailed future plans for significant investments or capital assets as of 30 June 2026.

Contingent liabilities

During the Period, the Group did not have any contingent liabilities.

Human Resources

Yuzhou Group always adheres to the sage spirit of "King Yu tamed the flood, making desert an oasis （大禹治水，荒漠成洲）", embedding the core values of responsibility, practicability, synergy and win-win results throughout every aspect of corporate culture promotion. In the first half of 2026, the Human Resources Department focused on the cultural development objective of "Performance Orientation and Rewarding Excellence" and carried out a number of corporate initiatives. As of 30 June 2026, the Group had 604 staff in total.

In the first half of 2026, the Group closely adhered to the overarching theme of "streamlining for efficiency, revitalising existing talent pool, and enabling transformation", and comprehensively upgraded its talent management strategy. In terms of organisational flattening to drive decision-making efficiency, the Group systematically eliminated redundant intermediary positions, shortened reporting and approval chains, and established agile decision-making channels. By shortening information transmission paths, reducing communication costs, and redefining authority and responsibility boundaries, the Group laid an organisational foundation for agile responses to market changes. In terms of talent mobility to revitalise existing talent pool, the Group adhered to the principle of "priority on internal development" and established a normalized internal talent mobility mechanism. Through periodic publication of demand lists and the opening of key positions for internal competitive selection, the Group broke down business segment barriers, optimised staff allocation, effectively reduced external recruitment costs and shortened the position adaptation cycle. In terms of capability diversification to enable transformation and upgrading, in response to industry transformation and digitalisation trends, the Group focused on building a cross-functional talent force. Taking the marketing business line as an example, the Group conducted specialised training programmes in new media operations and AI applications, adopting a "theoretical instruction plus assessment and certification" model to drive the team's transformation towards a composite capability structure encompassing "product knowledge, market insight and communication expertise".

Following the core values of "responsibility, practicability, synergy and win-win results", the Group will actively reserve talents in line with long-term strategic footprint and comprehensively develop and update a robust talent ecosystem covering talent activation, evaluation, talent ecosystem development and other aspects, so as to provide critical talent support for the Group's breakthroughs and challenges and lay a solid foundation for its future sustainable development.

EMPLOYMENT AND REMUNERATION POLICIES

The emolument of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed by the Group based on the performance of the employees.

VERY SUBSTANTIAL DISPOSAL

On 16 June 2026 (after trading hours), The Center (58) Limited (the "**Vendor**"), an indirect wholly-owned subsidiary of the Company, entered into the preliminary agreement (the "**Preliminary Agreement**") with Golden Sunny Limited (the "**Purchaser**"), pursuant to which the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, Offices 5801, 5802, 5803, 5805, 5806 and 5813, all on the 58th Floor of The Center (中環中心), No. 99 Queen's Road Central, Hong Kong (the "**Property**") at the consideration of HK$268,840,000. Completion is conditional upon, among other things, (i) the approval of the sub-sub-deed of mutual covenant of the 58th Floor of The Center by the Legal Advisory and Conveyancing Office of the Lands Department of Hong Kong, the manager of The Center (中環中心) (the "**Manager**") and the existing mortgagee of the Property; and (ii) approval by the Shareholders of the Preliminary Agreement, the formal agreement for sale and purchase of the Property to be entered into between the Vendor and the Purchaser (if signed) and the transactions contemplated thereunder at the extraordinary general meeting of the Company held on 14 August 2026.

The disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules. For details, please refer to the Company's announcement dated 16 June 2026 and 14 August 2026 and circular dated 28 July 2026.

EVENTS AFTER THE REPORTING PERIOD

On 7 July 2026, the Group entered into a formal agreement to dispose of the Property, at a consideration of approximately HK$268.8 million. The disposal is expected to result in a loss of approximately HK$83.0 million, based on the carrying amount of the Property as at 30 April 2026. Completion is expected on or before 30 September 2026, subject to approval on sub-sub-deed of mutual covenant of the 58th Floor of The Center by the Legal Advisory and Conveyancing Office of the Lands Department of Hong Kong, the Manager, and the mortgagee under the mortgage over the whole of the 58th Floor, The Center. The shareholders' approval has been obtained at the extraordinary general meeting held on 14 August 2026, further details are set out in the Group's announcement dated 14 August 2026. Upon completion, the Group will lease back the owner-occupied portion of the Property. Further details are set out in the Group's circular dated 28 July 2026.

Save as disclosed above, there have been no material events after the reporting period.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the six-month period ended 30 June 2026.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company did not have any significant investment, nor enter into any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

FINANCIAL ASSISTANCE TO AFFILIATED COMPANIES

As at 30 June 2026, the Group had provided financial assistance, by way of advances and guarantees for facilities granted to its affiliated companies (which includes associated companies and joint ventures of the Group), the details of which are set out below:

Name of affiliated companies (the "Affiliated Companies")	The Group's attributable interest in the Affiliated Companies	Advances to the Affiliated Companies as at 30 June 2026 *RMB'000*	Guarantees for facilities granted to the Affiliated Companies *RMB'000*	Total *RMB'000*
Tianjin Yuzhou Yucheng Real Estate Development Co., Ltd.	13%	626,075	–	626,075
Wuxi Xinghongyi Real Estate Co., Ltd	50%	414,447	–	414,447
Suzhou Xin Yuxi Construction Development Co., Ltd.	49%	382,982	217,600	600,582
Tianjin Yuzhou Runcheng Property Co., Ltd.	49%	268,380	–	268,380
Nanjing Kunhao Wujin Trading Company Limited	80%	252,155	–	252,155
Xingyang Yaheng Real Estate Co., Ltd.	34%	218,129	–	218,129
Shanghai Haoyi Real Estate Development Co., Ltd.	10%	209,021	–	209,021
Tianjin Yuzhou Xinghan Real Estate Development Co., Ltd.	26%	47,233	–	47,233
Shanghai Fumao Real-Estate Co., Ltd.	49%	41,674	–	41,674
Tianjin Lianyu Property Co., Ltd.	48%	27,396	–	27,396
Qingdao Shenggang Investment Co., Ltd.	17%	17,201	–	17,201
Hefei Ruiyun Realty Co., Ltd.	51%	15,744	–	15,744
Nanjing Jiayang Real Estate Development Co., Ltd.	20%	14,068	–	14,068
Hefei Haoyi Real Estate Development Co., Ltd.	50%	4,020	–	4,020
Tianjin Xuanyi Real Estate Development Co., Ltd.	60%	3,623	–	3,623
Taicang Yuzhou Yilong Real Estate Development Co., Ltd.	23%	2,871	–	2,871
Taicang Kangyida Real Estate Development Co., Ltd	49%	–	132,150	132,150
Tianjin Harmonious Home Construction Development Co., Ltd.	27%	–	466,500	466,500
Chongqing Tongrong Industrial Co., Ltd.	49%	–	52,920	52,920
Total		2,545,019	869,170	3,414,189

* *For identification purpose only*

Notes:

1. Advances are unsecured, interest-free and have no fixed repayment terms and will be repaid as and when appropriate.

2. All of committed facilities will be made from the internal resources and/or banking facilities of the Group.

3. Save as disclosed above, no other disclosure obligations arise under Rules 13.13 to 13.16 of the Listing Rules.

The total amount of financial assistance provided to the Affiliated Companies, in aggregate, amount to approximately 5.8% as at 30 June 2026 under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Pursuant to Rule 13.22 of the Listing Rules, combined statements of financial position of the Affiliated Companies with financial assistance from the Group and the Group's attributable interests in the Affiliated Companies as at 30 June 2026 are presented as follows:

	Combined statement of financial position	**Group's attributable interests**
	RMB'000	*RMB'000*
Non-current assets	6,938,575	2,751,237
Current assets	45,678,591	14,304,336
Current liabilities	(35,063,414)	(11,494,450)
Total assets less current liabilities	17,553,752	5,561,123
Non-current liabilities	(2,387,656)	(773,482)
Net assets	15,166,096	4,787,641

The combined statement of financial position of the Affiliated Companies was prepared by combining their statements of financial position as at 30 June 2026, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the statement of financial position.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the publication date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules.

NO MATERIAL CHANGE

Since the publication of the latest annual report for the year ended 31 December 2025 (the "**Annual Report**"), there have been no material changes to the Company's business.

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

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at the end of the reporting period, no treasury shares were held by the Company.

MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted a Code of Conduct on Directors' Securities Transactions (the "**Securities Code**") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listing Issuers contained in Appendix C3 to the Listing Rules. The Directors have confirmed that they have complied with the requirements set out in the Securities Code throughout the Period.

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Group emphasise a quality Board, sound internal controls, and transparency and accountability to all the shareholders of the Company.

During the reporting period, the Group had adopted, applied and complied with the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules except the following deviation:

Code Provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Ms. Kwok Ying Lan（郭英蘭）has been assuming the roles of both the Chairman and the Chief Executive Officer of the Group since 24 June 2022. Although these two roles are performed by the same individual, certain responsibilities are shared with the executive directors to balance the power and authority. In addition, all major decisions are made in consultation with members of the Board as well as senior management. The Board has three independent non-executive directors who offer different independent perspectives.

Therefore, the Board is of the view that there are adequate balances of power and safeguards in place. The Board would review and monitor the situation on a regular basis to ensure that the present structure would not impair the balance of power in the Group.

SHARE OPTION SCHEME

The Company did not grant any share options for the six-month period ended 30 June 2026.

SHARE AWARD SCHEME

The Company operates a share award scheme (the "**Share Award Scheme**"), unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 10 years from the date of adoption on 29 September 2020. As at the date of this announcement, the remaining term of the Share Award Scheme is approximately 4 years and 1 months.

Participants of the Share Award Scheme

Subject to the rules of the Share Award Scheme, the Board of the Company may, from time to time, at its absolute discretion select any employee (other than any excluded employee) for participation in the Share Award Scheme as a selected employee, and grant such number of awarded shares to any selected employee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

Total Number and Percentage of Shares Available for Issue under the Share Award Scheme

As at 1 January 2026, 30 June 2026 and the date of this announcement, the total number of Shares available for award under the Share Award Scheme was 1,032,450, representing approximately 0.07% of the issued shares of the Company. None of the shares purchased has been awarded under the Share Award Scheme. As no shares purchased has been awarded, there is no weighted average closing price of the shares immediately before the date on which the awards were vested.

Maximum Entitlement

The maximum number of shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

Vesting of Awarded Shares

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all relevant vesting conditions, the respective awarded shares held by the trustee on behalf of the selected employee pursuant to the provision of the rules of the Share Award Scheme shall vest in such selected employee in accordance with the relevant vesting schedule (if any), and the trustee shall, at the instruction of the selected employee, either cause the vesting shares to be transferred to such selected employee on the vesting date, or cause the vesting shares to be sold with the proceeds of sale (after the deduction of related sale expenses) to be transferred to the selected employee.

In respect of a selected employee who died or retired by agreement with a member of the Group at any time prior to or on the vesting date, all the awarded shares of the relevant selected employee shall be deemed to be vested on the day immediately prior to his/her death or the day immediately prior to his/her retirement with the relevant member of the Group.

Voting Rights

The trustee of the Share Award Scheme shall not exercise the voting rights in respect of any shares held by it under the trust (including but not limited to the awarded shares, the vesting shares, any bonus shares and scrip shares derived therefrom).

The total number of shares that may be issued in respect of options and awards granted under all the share option schemes and share award schemes of the Company and the percentage of the issued shares that it represents as at the date of this announcement are 11,362,654 and 0.76% (1 January 2026: 12,156,523 and 0.82%), respectively.

REVIEW OF ACCOUNTS

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive directors, namely Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Mr. Yu Shangyou.

The Audit Committee has reviewed the accounting policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2026. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

During the Period, the shareholders of the Company approved the resolution in relation to the proposed amendments to the existing second amended and restated articles of association of the Company and to adopt the third amended and restated articles of association of the Company (the "**Articles of Association**") on 28 May 2026.

The major areas of the amendments are set out below:

1) bringing the Articles of Association in line with the latest regulatory regime, including the relevant requirements of the Listing Rules in connection with electronic or hybrid meetings, electronic voting, treasury shares and the electronic dissemination of corporate communications by listed issuers;

2) enabling the Shareholders to give instructions, receive corporate action proceeds and pay subscription monies for offers to subscribe for new securities by electronic means;

3) preparing for the uncertificated securities market regime by adding provisions to allow Shareholders to hold and transfer Shares in uncertificated form; and

4) making certain other housekeeping changes that are consistent with the above amendments and the Listing Rules.

For further details, please refer to the Company's circular of dated 27 April 2026.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Company (http://yuzhou-group.com/) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2026 interim report of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

DEVELOPMENT STRATEGIES AND PROSPECTS

Looking ahead to the second half of 2026, under the continued overarching policy guidance of "stabilising land prices, stabilising property prices and stabilising market expectations" at the national macro level, the real estate market is expected to maintain a trajectory of "overall stability, structural optimisation and steady recovery", with structural divergence likely to persist throughout the year. Over the medium to long term, the development logic of the real estate industry has undergone a fundamental shift, formally entering a new phase of "refinement, value-orientation and structuration". Market resources will continue to concentrate on enterprises with sound operations, robust management practices and strong delivery capabilities. Concurrently, property developers will further focus on core cities with strong economic momentum and sustained population inflows, as the industry's development focus will shift comprehensively from "scale expansion" to "quality enhancement". Returning to the fundamentals of products and services, and with the core objective of delivering high-quality "quality housing" that meet market demand, enterprises are required to conduct meticulous assessment and precise positioning of regions, cities, locations and products, so as to truly deliver on the quality promise of "living well", reshape the new supply-demand dynamics of the market, and thereby propel the real estate industry towards a new stage of high-quality development.

Amid the current deep and protracted adjustment cycle in the property sector, the market recovery is progressing at a slower pace than anticipated. The Group achieved certain progress in reducing existing inventory in the first half of the year. Nevertheless, there remained a considerable shortfall in operating cash flow, and issues such as uneven regional development and internal management inefficiencies require urgent improvement. The Company continues to face significant operational pressures. In the second half of the year, the entire Group must persevere with determination and tackle challenges head-on, adopting "enhancing efficiency to break the deadlock and consolidating operations" as the core approach to weathering the cycle and stabilising its foundation. Yuzhou Group will go all out to drive sales, tackle sales bottlenecks, accelerate the disposal of existing assets, innovate marketing and customer acquisition channels, and bridge the online and offline marketing channels to achieve sales targets, while tightening collection responsibilities to efficiently convert sales proceeds into cash reserves. On the financial front, the Group must strictly adhere to the red line for cash flow, exercise granular control over expenditures, prioritise resources for delivery and core project operations, conduct routine risk assessments across all fronts, and promote the monetisation of idle assets, as we are taking proactive actions to restructure its balance sheet with the view to regain financial stability. The commercial segment will deepen its operational focus, with sustained efforts in tenancy optimisation, footfall enhancement and asset value appreciation, revitalising underutilised spaces and improving operational efficiency.

Yuzhou Group is fully aware that what constrains development is never external changes, but rather an internal mindset of complacency and passivity. Refusing to succumb to such passivity, Yuzhou Group has consistently and proactively tackled and resolved difficulties. Going forward, we will continue to uphold the fine traditions of hard work and dedication, guided by the principle of "enhancing efficiency to break the deadlock and consolidating operations", and build up development momentum through sustained and solid efforts, so as to drive the Company towards long-term and steady growth.

DISCUSSIONS ON POSSIBLE HOLISTIC SOLUTION IN RESPECT OF OFFSHORE DEBTS

Having considered the prevailing market conditions and the expectation that the real estate market will remain in a prolonged adjustment phase, it is expected that cash will continue to be trapped at project level while the cash generated from investment properties and other business segments will be mostly utilized to service project level debt and payables, fulfill minimum capital expenditure requirements, and sustain group-wide operating expenses. Moreover, due to an oversupply of commercial properties and limited interest from willing buyers in China, asset disposals are challenging and prone to substantial price discounts.

As at 30 June 2026, the Company had interest-bearing debt in principal amount of approximately RMB32.7 billion, comprising (i) senior notes with an aggregate outstanding principal amount of approximately RMB32.6 billion, consisting of (A) one series of short-term senior notes due 2027 (the "**STN**"), (B) four series of medium-term senior notes maturing between 2028 and 2031 (the "**MTNs**"), and (C) one series of long-term senior notes due 2034 (the "**LTN**", and together with the STN and the MTNs, the "**Senior Notes**"); and (ii) secured bank loans of approximately RMB0.1 billion. In addition, the Company had provided guarantees in respect of certain financial indebtedness of its subsidiaries, affiliates and/or third parties in an aggregate principal amount of approximately RMB7.5 billion, which included (i) certain bank facilities of an offshore subsidiary; (ii) certain bank facilities of third parties; (iii) corporate bonds issued by Xiamen Yuzhou Grand Future Real Estate Development Co., Ltd. ("**Grand Future**") and certain facilities borrowed by Grand Future; and (iv) certain bank facilities of its onshore subsidiaries and affiliates. Despite the quantum of the Senior Notes, the onshore debt is structurally senior to the Senior Notes.

In light of the above, the Company considers it necessary to explore a holistic solution with respect to its indebtedness in order to continue deleveraging the Group, achieve a long-term sustainable capital structure and enhance the Group's adaptability and resilience in the current environment for the benefit of all stakeholders. Against this backdrop, the Company has continued to engage with certain of the larger holders of the Senior Notes on potential options to achieve a broader deleveraging and recapitalization of the Group. As at the date of this announcement, the discussions remain on-going by the Company and its advisers and no definitive agreement has been reached.

Notwithstanding this and based on information currently available to the Company, it is anticipated that the tentative terms of any possible holistic solution may include, subject to further legal and liquidation analysis:

(a) a holistic restructuring of the Company's key offshore indebtedness to be implemented by way of scheme of arrangement(s) that is expected to comprise two classes of creditors. The first class of creditors ("**Class 1**") is expected to comprise holders of the STN, and the second class of creditors ("**Class 2**") is expected to comprise holders of the MTNs and LTN and other offshore financial indebtedness of the Company (whether as issuer, borrower, obligor and/or guarantor) as the Company may consider necessary or desirable;

(b) in consideration for the cancellation and extinguishment of the in-scope debt subject to the holistic restructuring, creditors of both Class 1 and Class 2 are contemplated to receive restructuring consideration comprising new shares to be issued by the Company at an issue price at a multiple of 8 to 10 times to the prevailing market price of the Company's shares;

(c) creditors of Class 1 are contemplated to receive additional restructuring consideration in the form of (i) cash representing 3.75% of the outstanding principal and accrued unpaid interest up to 30 June 2026 under the STN ("**Class 1 Scheme Claim Amount**"), or (ii) new medium term debt instruments (with a credit support package substantially the same as the existing STN) representing 12% of the Class 1 Scheme Claim Amount, in each case subject to a cap and reallocation mechanism;

(d) the payment of incentive fees to certain offshore creditors, including creditors that agree to facilitate the implementation of the holistic solution in accordance with the terms of a restructuring support agreement; and

(e) subject to, among others, the level of deleveraging expected to be achieved under the holistic solution and the effectiveness of the proposed scheme of arrangement(s), fund raising from the Company's shareholders in the range of approximately US$5 million to US$30 million to support the payment of any cash consideration and fees incurred in respect of the implementation of the holistic solution.

The deleveraging arising out of the successful implementation of a holistic solution (should it materialise), together with the Group's ongoing cost-reduction initiatives and operational efficiency enhancements, is expected to lay a solid foundation for the gradual restoration of the Group's onshore financing capabilities. These measures are also anticipated to strengthen the Group's overall financial resilience and reposition its balance sheet towards a healthier and more sustainable profile over the medium-to-long term.

The Company expects to continue its proactive and constructive engagement with its offshore creditors with a view to finalising the terms of a possible holistic solution as soon as practicable.

REMINDER

Shareholders and other investors of the Company are advised not to rely solely on the information contained in this announcement and should exercise caution when dealing in the securities of the Company. When in doubt, the shareholders and other investors of the Company are advised to seek professional advice from their own professional or financial advisers.

By order of the Board
Yuzhou Group Holdings Company Limited
Kwok Ying Lan
Chairman

Hong Kong, 31 August 2026

As at the date of this notice, the executive Directors are Ms. Kwok Ying Lan (Chairman) and Mr. Lin Conghui; the non-executive Directors are Mr. Lam Lung On (J.P.) and Mr. Lam Wai Hon; and the independent non-executive Directors are Mr. Lam Kwong Siu, Mr. Wee Henny Soon Chiang and Mr. Yu Shangyou.