



寶龍地產控股有限公司

POWERLONG REAL ESTATE HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

Stock code: 1238

2026 INTERIM REPORT



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Group Introduction

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

As at 30 June 2026, the Group’s commercial projects cover the series of “Powerlong One Mall”, “Powerlong City”, “Powerlong Plaza” and “Powerlong Land” products, while its residential projects cover various formats including middle and high class commodity housings and villas, complemented by high-standard office buildings, hotel and apartment projects with comprehensive service support. With its diversified and multi-dimensional business scope, Powerlong has been improving the retail supporting facilities and thereby enhancing the quality of local cities. From supporting the urbanization of the People’s Republic of China (“**China**” or the “**PRC**”) to its integration into the Yangtze River Delta, Powerlong has always followed closely the strategic direction at the PRC’s national level and focused on city clusters, which enjoy policy support under the PRC’s macro strategy and are highly vivid in their economic development. While fulfilling the growing demand for complex real estate in the PRC, Powerlong has created various job opportunities to the society and realized people’s demands and dreams for their lives.

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

Corporate Information

DIRECTORS

Executive Directors

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

Non-executive Director

Ms. Hoi Wa Fan

Independent Non-executive Directors

Mr. Au Yeung Po Fung
 Mr. Mei Jian Ping
 Mr. Ding Zu Yu
 Ms. Liu Xiao Lan

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Hai Di

AUTHORIZED REPRESENTATIVES

Mr. Hoi Wa Fong
 Ms. Hai Di

REGISTERED OFFICE

P.O. Box 309
 Ugland House
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HONG KONG SHARE REGISTRAR

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 Shops 1712–1716, 17th Floor
 Hopewell Centre
 183 Queen's Road East
 Wanchai
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PRINCIPAL BANKERS

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

AUDITOR

KTC Partners CPA Limited
 Certified Public Accountants
 Registered Public Interest Entity Auditors
 Room 1305-07, 13/F
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 9 Science Museum Road
 Tsim Sha Tsui East, Kowloon
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HONG KONG LEGAL ADVISOR

DLA PIPER HONG KONG

WEBSITE

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Management Discussion and Analysis

MARKET REVIEW

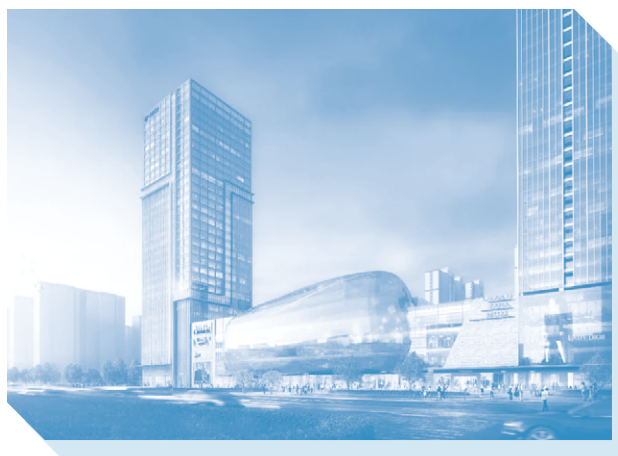
Since the beginning of this year, in the face of the intricate and complex international environment, the economy of the PRC has sustained a generally stable development trajectory, progressing towards innovation and quality enhancement, demonstrating a strong resilience and vitality. The fundamentals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

BUSINESS REVIEW

For the six months ended 30 June 2026, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operational and residential property management; and (iv) other property development related businesses. During the period under review, property development remained as the main revenue stream of the Group.

Property Development

As a result of the continuous impact of the severe operating environment in the real estate industry, for the six months ended 30 June 2026, the contracted sales of the Group together with its associates and joint ventures amounted to approximately RMB3,420 million (for the six months ended 30 June 2025: RMB3,723 million). For the six months ended 30 June 2026, the contracted sales area of the Group together with its associates and joint ventures amounted to approximately 332,199 square meters (for the six months ended 30 June 2025: 316,718 square meters).



Management Discussion and Analysis

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

For the six months ended 30 June 2026

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

Property Investment and Commercial Operational and Residential Property Management

To generate a stable and recurring income, the Group also retained and operated certain commercial properties for leasing. As at 30 June 2026, the Group had an aggregate gross floor area ("GFA") of approximately 8,186,793 square meters (as at 31 December 2025: approximately 8,322,130 square meters) held as investment properties (including completed properties and properties under construction), representing a decrease of approximately 1.6% as compared with that as at 31 December 2025.

As at 30 June 2026, the Group held and managed 61 shopping malls and managed 7 asset-light shopping malls, with the number of shopping malls in operation held and the floor area in operation and management both being amongst the forefront of the industry.

Hotel Business

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

As at 30 June 2026, the Group owned seven international brand hotels, namely Le Meridien Shanghai Minhang (上海閔行寶龍艾美酒店), Radisson Blu Shanghai Pudong Jinqiao (上海寶龍麗笙酒店), Radisson Exhibition Center Shanghai (上海國展寶龍麗筠酒店), Hotel W Xiamen (廈門W酒店), Four Points by Sheraton Taicang Suzhou (蘇州太倉寶龍福朋喜來登酒店), Four Points by Sheraton Chengyang Qingdao (青島城陽寶龍福朋喜來登酒店) and Wyndham Grand Plaza Royale Powerlong Fuyang (阜陽寶龍溫德姆至尊豪廷大酒店), and also owned and operated nine self-owned brand chain hotels, namely ARTELS Anxi Quanzhou (泉州安溪寶龍藝築酒店), ARTELS+ Fuyang Hangzhou (杭州富陽藝悅酒店), ARTELS+ Collection Lingang Shanghai (上海臨港藝悅精選酒店), ARTELS+ Collection Hechuan Chongqing (重慶合川藝悅精選酒店), ARTELS+ Wujing Shanghai (上海吳涇藝悅酒店), ARTELS+ Xinxiang (新鄉藝悅酒店), ARTELS+ Collection Yancheng (鹽城寶龍藝悅精選酒店), JUNTELS Tai'an (泰安寶龍藝珺酒店) and JUNTELS Pan'an Jinhua (金華磐安寶龍藝珺酒店).

Land Bank

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

As at 30 June 2026, the Group had a quality land bank amounting to a total GFA of approximately 13 million square meters, of which approximately 10 million square meters were completed properties held for sale and properties under development and construction and approximately 3 million square meters were properties held for future development. The land bank under development will be used for the development of large-scale commercial and residential properties with quality residential properties, serviced apartments, office buildings and hotels. As at 30 June 2026, approximately 55.6% of the Group's land bank was located in the Yangtze River Delta region.

Management Discussion and Analysis

OUTLOOK

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

Faced with the challenges and opportunities presented by intense adjustments in the real estate industry in China, the Group has united with concerted efforts and proposed the development theme of “Deep Penetration, Winning the Future with Intelligence” (極致穿透，智贏未來) in mid-2026. Focusing on key priorities for the second half of 2026, the property segment will continue to ensure sound asset safeguarding, adhere to a “one strategy for one debt” (一債一策) approach, focus on revitalizing key projects and achieving breakthroughs in bulk transactions, and consolidate its development confidence through city-specific policies and thorough closed-loop management implementation. The commercial segment will adhere to the principle of “space creation first” (造場先行), reconstructing spatial value and emotional resonance through “ecological fields” (生態場域), transforming “foot traffic” (流量) into “customer retention” (留量), and accelerating the implementation of smart operation scenarios such as tenant sourcing, legal affairs, sales volume, and energy consumption. The hotel segment will return to the three fundamentals of quality, service, and experience (品質、服務、體驗), and for difficult projects and low-efficiency assets, a dual approach of stemming losses while restoring self-sustaining viability will be pursued. The commercial office segment will thoroughly develop core projects, accumulate replicable standards, and explore breakthroughs in asset-light models in advantageous cities. Amidst a challenging macroenvironment, the Group will always adhere to prudent operations and firmly act as a responsible enterprise. All employees will face problems directly and proactively break new ground, promote the implementation of key tasks with a deeply-penetrating work style, enhance development quality through digitalization, intelligence, and organizational evolution, and drive the company forward with a stronger sense of responsibility, execution and innovation, continuously contributing to the Group’s stable development and the virtuous cycle of the industry.

Management Discussion and Analysis

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

The Group will continue to integrate and consolidate its advantageous resources and strive to implement its plan of high-quality opening within the year. Powerlong CM, a subsidiary of the Group, has adopted “Space Creation First, Customer Delight and Quality Enhancement, Elite-Driven, Smart Operation Empowerment” as its development strategy to deepen its presence in the core regions of the Yangtze River Delta, so as to achieve a profound transformation from “space operation” (空間運營) to “value creation” (價值創造). In the second half of 2026, Powerlong CM will carry out work in the following three aspects: focusing on enhancing spatial value and deepening intelligent operational empowerment, upgrading renewed service experience and focusing on growth in core indicators, and strengthening organizational capability construction and cultivating a strong base for talent development. Specifically, with spatial value enhancement as the core to continue to advance space renovation and iconic site development, underperforming spaces will be revitalized to achieve renewal of inventory asset value; intelligent operations will be deepened to promote comprehensive data integration and AI technology empowerment. By leveraging digital tools to enhance operational efficiency and decision-making precision, a new asset operation model centered on “space + technology” will be established. A standardized rebranding framework will be implemented to focus on quality improvement across five key customer-facing areas and drive a deep transition from foot traffic operation to customer retention realization, so as to achieve a dual breakthrough in both brand experience and user value; guided by the three major strategies of “renewal, quality enhancement, and revitalization”, steady achievement of annual operational targets will be ensured. By building a “highly competent, strong reserve, youthful and sustainable” top-ranking team, agile organizational construction will be promoted, and operational efficiency will be enhanced. A systematic AI training program for all employees will be launched to establish a multi-tiered talent cultivation and delivery system. These efforts will develop a strong talent base for the enterprise in a long run and create a warm, dynamic, and sustainable commercial organizational ecosystem.

In active response to liquidity pressure, the Group will continue to adopt a series of liquidity management measures, expedite collection of sales proceeds and other receivables, extend the debt maturity of certain borrowings, continually optimize financing structure, lower financing costs, revitalize inventory assets, strengthen asset management, uplift occupancy rate and rental rate, streamline organizational structure to enhance efficiency, control operating expenses and administrative costs, continue to stabilize its operations, ensure the timely delivery of property development projects, and secure cash resources for the sustainable development of the Group. The Company has been working diligently with its professional advisors to progress on a holistic solution in order to formulate a viable restructuring plan aimed at addressing its liquidity constraints, securing the sustainable operations of the Group and protecting the interests of all stakeholders. Since the lapse of the former restructuring plan in February 2025, the Company continued its efforts for a further holistic restructuring of its offshore indebtedness (the “**Restructuring**”) through the scheme of arrangement in Hong Kong (the “**Scheme**”). Having considered the interests of all stakeholders of the Group, the Company entered into the restructuring support agreement (the “**RSA**”) and announced the proposed terms of the Restructuring on 10 October 2025. The Scheme was approved by the scheme creditors at the scheme meeting held on 12 May 2026, and was sanctioned by an order made by the High Court of Hong Kong on 17 June 2026. All the scheme conditions have been fulfilled and the scheme effective date occurred on 22 June 2026. As at the date of this report, the Restructuring Effective Date (as defined in the RSA) has not yet occurred.

Management Discussion and Analysis

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

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

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly comprises income from property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the six months ended 30 June 2026, the Group recorded a total revenue of approximately RMB8,184 million (for the six months ended 30 June 2025: approximately RMB13,251 million), representing a decrease of approximately 38.2% as compared with the corresponding period in 2025. This was mainly attributable to the decrease in revenue from property sales and rental income from investment properties and income from provision of commercial operational services and residential property management services.

Revenue from Property Sales

During the six months ended 30 June 2026, the Group strictly complied with its original completion and delivery schedule for the delivery of the corresponding projects. Revenue from projects sold and delivered for the six months ended 30 June 2026 amounted to approximately RMB5,850 million (for the six months ended 30 June 2025: approximately RMB10,693 million), representing a decrease of approximately 45.3% as compared with the corresponding period in 2025. This was mainly attributable to the decrease in the delivery of residential and commercial properties.

Management Discussion and Analysis

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

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

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

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

For the six months ended 30 June 2026, income from provision of commercial operational services and residential property management services was mainly derived from projects developed by the Group and other third parties. The net income after elimination of intra-group transactions amounted to approximately RMB1,095 million (for the six months ended 30 June 2025: approximately RMB1,190 million), representing a decrease of approximately 8.0% as compared with the corresponding period in 2025, which was mainly attributable to the termination of certain management contracts in respect of retail commercial properties managed by the Group.

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

Income from Other Property Development Related Businesses

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

Management Discussion and Analysis

Cost of Sales

Cost of sales mainly represents the direct cost related to the property development of the Group. It comprises cost of land use rights, construction costs, decoration costs and other costs. For the six months ended 30 June 2026, cost of sales amounted to approximately RMB7,636 million (for the six months ended 30 June 2025: approximately RMB11,226 million), representing a decrease of approximately 32.0% as compared with the corresponding period in 2025, which was mainly attributable to a corresponding decrease in total costs resulting from the decrease in the GFA of properties sold and delivered.

Gross Profit and Gross Profit Margin

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

Fair Value Losses on Investment Properties

For the six months ended 30 June 2026, the Group recorded fair value losses of approximately RMB2,651 million (for the six months ended 30 June 2025: fair value losses of approximately RMB1,721 million). The fair value losses increased by approximately RMB930 million as compared with the corresponding period in 2025, mainly due to the continued downward trend of the real estate market and insufficient socio-economic domestic demand, leading to the decrease in demand for shopping malls leasing.

Selling and Marketing Costs and Administrative Expenses

For the six months ended 30 June 2026, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB518 million (for the six months ended 30 June 2025: approximately RMB813 million), representing a decrease of approximately 36.3% as compared with the corresponding period in 2025, which was mainly attributable to the decrease in the scale of projects sales and management. The Group will continue to exercise stringent control over expenses and costs whilst at the same time strive to continue the Group's business expansion.

Other income and gains/(losses) – net

For the six months ended 30 June 2026, the Group recognised other income and gains of approximately RMB2,612 million, representing a turnaround as compared with other income and losses of approximately RMB185 million for the corresponding period in 2025, which was mainly attributable to a debt restructuring gain of RMB3,106 million arising from the restructuring of six onshore corporate bonds and assets backed securities issued by Shanghai Powerlong Industrial Development (Group) Co. Ltd, a subsidiary of the Company, during the current period, while no such gain was recorded in the corresponding period of last year.

Share of Losses of Investments Accounted for Using the Equity Method

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

Income Tax Expense

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

Management Discussion and Analysis

Loss Attributable to Owners of the Company

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

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

Core losses (excluding the fair value gains/(losses) on investment properties, gains on debt restructuring arrangements, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the period under review)^(Note) for the six months ended 30 June 2026 reached approximately RMB1,989 million (for the six months ended 30 June 2025: core losses of approximately RMB1,632 million).

Core losses attributable to owners of the Company (excluding the attributable fair value gains/(losses) on investment properties, gains on debt restructuring arrangements, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the period under review)^(Note) for the six months ended 30 June 2026 reached approximately RMB1,966 million (for the six months ended 30 June 2025: core losses attributable to owners of the Company of approximately RMB1,760 million).

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

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

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

The Group's cash and cash equivalents and restricted cash amounted to approximately RMB7,521 million in total as at 30 June 2026 (as at 31 December 2025: approximately RMB7,242 million), representing an increase of approximately 3.9% as compared with that as at 31 December 2025.

Borrowings

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

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

Net Gearing Ratio

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

Management Discussion and Analysis

Borrowing Costs

Total interest expenses for the six months ended 30 June 2026 amounted to approximately RMB1,585 million (for the six months ended 30 June 2025: approximately RMB1,751 million), representing a decrease of approximately 9.5% as compared with the corresponding period in 2025. The decrease was mainly due to the decrease in total borrowings of the Group as compared with the corresponding period in 2025. The effective interest rate decreased from 5.30% for the six months ended 30 June 2025 to 5.06% for the six months ended 30 June 2026, due to the Group's tightened control over finance costs. The Group will continue to enhance its stringent control over finance costs.

Credit Policy

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

Pledge of Assets

As at 30 June 2026, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of approximately RMB45,671 million (as at 31 December 2025: RMB53,635 million) to secure borrowings of the Group. The total secured bank and other borrowings and CMBS as at 30 June 2026 amounted to approximately RMB30,870 million (as at 31 December 2025: approximately RMB33,119 million). The ABS of RMB88 million (as at 31 December 2025: RMB207 million) were secured by the trade receivables of the Group. The senior notes issued by the Company were guaranteed and secured by share pledges of certain non-PRC subsidiaries and non-PRC joint ventures of the Group.

Contingent Liabilities

As at 30 June 2026, save as disclosed in this report, the Group had no significant contingent liabilities.

Financial Guarantees

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

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	4,821,473	9,749,564
Guarantees for borrowings of joint ventures and associates	609,835	679,905
	5,431,308	10,429,469

Management Discussion and Analysis

Commitments

(1) Commitments for property development expenditures

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

(2) Lease commitments

As at 30 June 2026 and 31 December 2025, the Group did not have any material short-term lease commitment.

Foreign Currency Risk

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. As at 30 June 2026, the Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollar, Hong Kong dollar or Macau Pataca, in the total amount of approximately RMB22,687 million. Fluctuation of the exchange rate of RMB against United States dollar, Hong Kong dollar or Macau Pataca could affect the Group's results of operations. Further, any depreciation of RMB would adversely affect the value of any dividends the Group pays to the shareholders of the Company (the "Shareholders") outside of the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Disposal of Hangzhou Huazhan Real Estate Development Co. Ltd.

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

Disposal of Shares in Powerlong CM

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

Management Discussion and Analysis

Possible Transactions in connection with the Holistic Solution

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

Save as disclosed in this report, the Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2026, the Group employed a total of 5,893 full-time employees (as at 31 December 2025: 7,446 employees). The total staff costs of the Group incurred were approximately RMB646 million for the six months ended 30 June 2026. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the pay level in the industry. In relation to staff training, the Group also provides different types of training programs for its staff to improve their skills and develop their respective expertise.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2026.

EVENTS AFTER THE REPORTING PERIOD

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

Disclosure of Interests

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2026, the interests and short positions of each director (the “**Director**”) and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”)) which (i) were recorded in the register required to be kept by the Company under section 352 of the SFO; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) were as follows:

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

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

Notes:

- These percentages have been compiled based on the total number of issued shares (i.e. 4,140,403,000 shares) as at 30 June 2026.
- These shares are held by Skylong Holdings Limited, which is wholly-owned by Skylong Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Skylong Trust, a discretionary trust of which Mr. Hoi Kin Hong is the settlor. Pursuant to the SFO, Mr. Hoi Kin Hong is deemed to be interested in the shares held under the Skylong Trust.
- These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held under the Sky Infinity Trust.
- These shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Limited, which are wholly and beneficially owned by Ms. Hoi Wa Fan. Pursuant to the SFO, Ms. Hoi Wa Fan is deemed to be interested in the shares held by Walong Holdings Limited and Mantong (HK) Trading Co., Limited.

Disclosure of Interests

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

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

Notes:

1. These percentages have been compiled based on the total number of issued shares of Powerlong CM (i.e. 642,900,000 shares) as at 30 June 2026.
2. Huihong Management (PTC) Limited ("**Huihong Management**"), the trustee of Huihong Trust, is wholly owned by Mr. Hoi Wa Fong. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong CM held by Huihong Management.
3. These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong CM held under the Sky Infinity Trust.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2026, the interests or short positions of the persons or corporations, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

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

Notes:

1. All the interests represent long positions.
2. These percentages have been compiled based on the total number of issued shares (i.e. 4,140,403,000 shares) as at 30 June 2026.
3. Skylong Holdings Limited is wholly-owned by Skylong Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Skylong Trust, a discretionary trust of which Mr. Hoi Kin Hong is the settlor.
4. Sky Infinity Holdings Limited is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor.

Save as disclosed above, as at 30 June 2026, the Directors are not aware of any other person or corporation, other than a Director or chief executive of the Company, who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Corporate Governance

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

COMPLIANCE WITH THE CG CODE

The Company had complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “**CG Code**”) during the six months ended 30 June 2026, except for the deviation from the code provision C.1.7 of the CG Code.

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for dealings in securities of the Company by the Directors. Specific enquiry has been made of all Directors and all Directors have confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2026.

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

During the six months ended 30 June 2026, no incident of non-compliance with the Model Code and the written guidelines by the Directors and the relevant employees was noted by the Company.

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim results and the interim report of the Company for the six months ended 30 June 2026 in conjunction with the Company’s management and the external auditor. In particular, the Audit Committee has discussed with the Company’s management and the external auditor regarding the preparation of the condensed consolidated financial statements of the Company for the six months ended 30 June 2026 in this interim report on a going concern basis. The Audit Committee considers that the Company has complied with all applicable accounting standards and requirements and had made adequate disclosure, and has no disagreement with the accounting treatment adopted by the Company.

Corporate Governance

REVIEW OF UNAUDITED INTERIM RESULTS

The condensed consolidated interim results for the six months ended 30 June 2026 were unaudited, but had been reviewed by the Company's independent auditor, KTC Partners CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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

ANNUAL GENERAL MEETING

The chairman of the Board, all the Directors, including the respective chairman of the Audit Committee, the remuneration committee and nomination committee of the Company, and the external auditor were present at the annual general meeting of the Company held on 12 June 2026.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Facility Agreement dated 8 July 2019

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

Facility Agreement dated 13 May 2020

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

Corporate Governance

Facility Agreement dated 30 June 2020

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

Facility Agreement dated 9 July 2021

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

Facility Agreement dated 9 August 2021

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

As at 30 June 2026, each of the July 2019 Facility Agreement, the May 2020 Facility Agreement, the June 2020 Facility Agreement, the July 2021 Facility Agreement and the August 2021 Facility Agreement subsisted, which triggered the disclosure obligation under Rule 13.21 of the Listing Rules.

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

Corporate Governance

OTHER CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed above, the Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the six months ended 30 June 2026.

CHANGES IN THE DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the updates on the biographical details of the Directors are as follows:

Mr. Au Yeung Po Fung, an independent non-executive Director, has resigned as an independent non-executive director of Zhenro Services Group Limited (stock code: 6958.HK) since January 2026.

Mr. Ding Zu Yu, an independent non-executive Director, has been appointed as an independent non-executive director of CIFI Holdings (Group) Co. Ltd. (stock code: 884.HK) since June 2026.

Save as disclosed above, the Company is not aware of any other information which is required to be disclosed in this report pursuant to Rule 13.51B(1) of the Listing Rules.

Report on Review of Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2026

To the Board of Directors of Powerlong Real Estate Holdings Limited
(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We were engaged to review the interim condensed consolidated financial information of Powerlong Real Estate Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 64, which comprise the interim condensed consolidated balance sheet as at 30 June 2026, the interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months then ended, and explanatory notes to the interim condensed consolidated financial information, including material accounting policy information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information of the Group is not prepared, in all material respects, in accordance with HKAS 34.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

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

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

Hong Kong, 28 August 2026

Interim Condensed Consolidated Balance Sheet

		30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
	Notes		
ASSETS			
Non-current assets			
Property and equipment	6	5,043,416	5,162,387
Investment properties	7	69,421,735	74,527,594
Intangible assets		2,730	3,059
Goodwill		20,640	20,640
Investments accounted for using the equity method	8	6,416,638	6,502,082
Deferred income tax assets		2,385,355	2,290,353
Financial assets at fair value through other comprehensive income		45,766	46,462
		83,336,280	88,552,577
Current assets			
Properties under development	10	17,403,960	23,800,969
Completed properties held for sale	11	20,045,679	19,058,916
Contract assets		153,288	192,883
Trade receivables	12	1,345,263	1,374,947
Other receivables	13	24,048,592	23,430,217
Prepayments	9	3,257,339	3,424,675
Prepaid taxes		1,468,049	1,449,149
Financial assets at fair value through profit or loss		8,506	10,110
Restricted cash	14	1,888,288	1,872,738
Cash and cash equivalents	15	5,633,100	5,368,987
		75,252,064	79,983,591
Total assets		158,588,344	168,536,168
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	36,779	36,779
Other reserves	17	1,725,576	1,759,271
Retained earnings		24,371,082	24,930,156
		26,133,437	26,726,206
Non-controlling interests		13,083,957	13,428,491
Total equity		39,217,394	40,154,697

Interim Condensed Consolidated Balance Sheet

		30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
	Notes		
LIABILITIES			
Non-current liabilities			
Borrowings	18	17,543,493	20,832,253
Lease liabilities		349,365	515,898
Deferred income tax liabilities		5,985,436	6,030,331
		23,878,294	27,378,482
Current liabilities			
Borrowings	18	32,231,928	34,222,683
Trade and other payables	20	39,406,691	39,497,965
Contract liabilities	19	6,027,486	9,466,485
Current income tax liabilities		17,767,944	17,731,624
Lease liabilities		58,607	84,232
		95,492,656	101,002,989
Total liabilities		119,370,950	128,381,471
Total equity and liabilities		158,588,344	168,536,168

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

The interim condensed consolidated financial information on pages 23 to 64 were approved by the Board on 28 August 2026 and were signed on its behalf by:

Hoi Kin Hong
Director

Hoi Wa Fong
Director

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June

	Notes	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Revenue	5	8,183,915	13,251,243
Cost of sales	21	(7,635,716)	(11,226,014)
Gross profit		548,199	2,025,229
Fair value losses on investment properties – net	7	(2,651,190)	(1,720,583)
Selling and marketing costs	21	(201,307)	(266,641)
Administrative expenses	21	(316,777)	(546,833)
Net impairment losses on financial assets		(191,118)	(173,533)
Other income and gains/(losses) – net		2,611,717	(185,082)
Operating loss		(200,476)	(867,443)
Finance costs – net	22	(144,644)	(637,573)
Share of losses of investments accounted for using the equity method	8	(51,406)	(17,950)
Loss before income tax		(396,526)	(1,522,966)
Income tax expense	23	(422,694)	(1,213,265)
Loss for the period		(819,220)	(2,736,231)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences	17	26	1
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income	17	(522)	(1,097)
Total other comprehensive loss for the period, net of tax		(496)	(1,096)
Total comprehensive loss for the period		(819,716)	(2,737,327)
Loss attributable to:			
Owners of the Company		(592,273)	(2,652,343)
Non-controlling interests		(226,947)	(83,888)
		(819,220)	(2,736,231)
Total comprehensive loss to:			
Owners of the Company		(592,769)	(2,653,439)
Non-controlling interests		(226,947)	(83,888)
		(819,716)	(2,737,327)
Loss per share for loss attributable to owners of the Company during the period (expressed in RMB cents per share):			
Basic and diluted	24	(14.3)	(64.1)

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

Interim Condensed Consolidated Statement of Changes in Equity

Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 16)	(Note 17)			
					Total equity
					RMB'000

Six months ended 30 June 2026 (Unaudited)

Balance at 1 January 2026

Comprehensive (loss)/income

– Loss for the period

Other comprehensive (loss)/income for the period

– Changes in the value of financial assets at fair value through other comprehensive income

– Transfer from investment properties revaluation reserve to retained earnings upon disposal of properties

– Currency translation differences

Total comprehensive loss for the period

Transactions with owners

– Dividends

Total transactions with owners

Balance at 30 June 2026

36,779	1,759,271	24,930,156	26,726,206	13,428,491	40,154,697
–	–	(592,273)	(592,273)	(226,947)	(819,220)
–	(522)	–	(522)	–	(522)
–	(33,199)	33,199	–	–	–
–	26	–	26	–	26
–	(33,695)	(559,074)	(592,769)	(226,947)	(819,716)
–	–	–	–	(117,587)	(117,587)
–	–	–	–	(117,587)	(117,587)
36,779	1,725,576	24,371,082	26,133,437	13,083,957	39,217,394

Interim Condensed Consolidated Statement of Changes in Equity

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

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

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June

	Note	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Cash flows from operating activities			
Cash generated from operations		2,525,126	2,271,425
PRC corporate income tax paid		(108,132)	(250,800)
PRC land appreciation tax paid		(100,947)	(112,050)
Interest paid		(492,444)	(684,722)
Cash generated from operating activities		1,823,603	1,223,853
Cash flows from investing activities			
Net cash inflow on disposal of a subsidiary		796,958	–
Purchases of property and equipment		(134,715)	(138,323)
Purchases of land use rights		(165,100)	–
Payments of construction fee and land use right of investment properties		(786,158)	(470,310)
Proceeds from disposal of property and equipment		2,077	277,096
Proceeds from disposal of investment properties		464,500	49,706
Proceeds from disposal of financial assets at fair value through profit or loss		1,764	2,300
Dividend received		12,845	331,265
Investments in joint ventures and associates		(2,660)	(21,906)
Cash advances made to joint ventures, associates and non-controlling interests		(1,520,085)	(296,842)
Collection of cash advances from joint ventures, associates and non-controlling interests		1,010,572	1,121,840
Interest received		29,121	25,853
Placement of bank deposit		(7,055)	(5,924)
Cash (used in)/generated from investing activities		(297,936)	874,755
Cash flows from financing activities			
Proceeds from borrowings		9,800	–
Repayments of borrowings		(835,951)	(1,448,132)
Restricted cash (pledged for)/released from borrowings		(6,340)	11,204
Cash advances from parties controlled by ultimate controlling shareholders		170,285	289,423
Cash advances from joint ventures, associates and non-controlling interests		337,050	230,565
Repayment of cash advances to parties controlled by ultimate controlling interests		(378,905)	(179,518)
Repayments of cash advances to joint ventures, associates and non-controlling interests		(394,348)	(1,209,581)
Changes in ownership interests in subsidiaries without change of control		–	183,810
Dividends paid		(117,587)	(8,620)
Principal elements and interest expenses of lease payments		(42,741)	(52,997)
Cash used in financing activities		(1,258,737)	(2,183,846)
Increase/(decrease) in cash and cash equivalents		266,930	(85,238)
Cash and cash equivalents at beginning of period	15	5,368,987	6,103,770
Exchange losses on cash and cash equivalents		(2,817)	(410)
Cash and cash equivalents at end of period	15	5,633,100	6,018,122

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

Notes to the Interim Condensed Consolidated Financial Information

1 GENERAL INFORMATION

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

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

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

These interim condensed consolidated financial statements are presented in thousand Renminbi (“RMB’000”), unless otherwise stated. This Unaudited Interim Condensed Consolidated Financial Information for the six months ended 30 June 2026 has been approved for issue by the Board on 28 August 2026.

The Interim Condensed Consolidated Financial Information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those set out in the Group’s annual consolidated financial statements for the year ended 31 December 2025.

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

(a) Amended standards adopted by the Group

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

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

Notes to the Interim Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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

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

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

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

² No mandatory effective date yet determined but available for adoption

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

Going concern basis

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

Notes to the Interim Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Going concern basis (continued)

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

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

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

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

- A restructuring proposal for six onshore corporate bonds and assets-backed securities issued by Shanghai Powerlong Industrial Development (Group) Co. Ltd, a subsidiary of the Company, has been considered and approved at a meeting of the relevant bondholders in January 2026. The principal and interest repayment arrangements for the six bonds were adjusted and the aforesaid bondholders were offered a restructuring proposal including a debt-settlement-by-asset option, a repurchase option, a stock option and a general creditor claim option. As at the reporting date, the repurchase option was fully exercised and lapsed thereafter. The Group will ensure continued implementation and completion of the aforesaid restructuring;
- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

Notes to the Interim Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Going concern basis (continued)

- The Group will continue to seek for suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make them relatively more attractive to potential buyers and retain a higher value in current market conditions; and
- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

The Directors, taking into account the above plans and measures, are of the opinion that it is appropriate to prepare the consolidated financial statements for the six months ended 30 June 2026 on a going concern basis.

3 ESTIMATES

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

In preparing the Unaudited Interim Condensed Consolidated Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2025, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

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

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

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

4.2 Fair value estimation

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

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

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 30 June 2026 and 31 December 2025.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2026 (unaudited)				
Financial assets:				
Financial assets at fair value through profit or loss	34	–	8,472	8,506
Financial assets at fair value through other Comprehensive income	–	–	45,766	45,766
Total	34	–	54,238	54,272
At 31 December 2025 (audited)				
Financial assets:				
Financial assets at fair value through profit or loss	111	–	9,999	10,110
Financial assets at fair value through other comprehensive income	–	–	46,462	46,462
Total	111	–	56,461	56,572

There were no transfers between levels during the period. There was no significant financial liabilities measured at fair value as at 30 June 2026 (31 December 2025: Nil).

Notes to the Interim Condensed Consolidated Financial Information

5 SEGMENT INFORMATION

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

Revenue consists of sales of properties, rental income of investment properties, income from provision of commercial operational services and residential property management services and other property development related businesses which mainly comprises income from hotel operations and the provision of consultation services. Revenue of the six months ended 30 June 2026 and 2025 consists of the following:

	Six months ended 30 June	
	2026 Unaudited RMB’000	2025 Unaudited RMB’000
Sales of properties	5,850,036	10,692,784
Rental income of investment properties	817,889	954,252
Income from provision of commercial operational services and residential property management services	1,094,899	1,189,789
Income of other property development related services	421,091	414,418
	8,183,915	13,251,243
Revenue from contracts with customers		
– At a point in time	6,037,841	10,839,060
– Over time	1,328,185	1,457,931
Timing of revenue recognition	7,366,026	12,296,991
Revenue from other sources – rental income	817,889	954,252
	8,183,915	13,251,243

Notes to the Interim Condensed Consolidated Financial Information

5 SEGMENT INFORMATION (continued)

Segment results represent the performance for each segment without fair value gains/(losses) on financial assets, other income and gains, unallocated operating costs, financial costs – net and income tax expense. The segment results and other segment items included in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2026 are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Group RMB'000
Six months ended 30 June 2026					
(Unaudited)					
Gross segment revenue	5,850,036	925,292	1,209,099	425,173	8,409,600
Inter-segment revenue	–	(107,403)	(114,200)	(4,082)	(225,685)
Revenue from external customers	5,850,036	817,889	1,094,899	421,091	8,183,915
Segment results	(1,422,430)	(1,710,277)	122,808	(206,945)	(3,216,844)
Fair value losses on financial assets at fair value through profit or loss					(123)
Other income and gains					3,106,442
Unallocated operating costs					(141,357)
Finance costs – net (Note 22)					(144,644)
Loss before income tax					(396,526)
Income tax expense (Note 23)					(422,694)
Loss for the period					(819,220)
Depreciation recognised as expenses	7,269	–	4,672	136,727	148,668
Fair value losses on investment properties (note 7)	–	2,626,298	24,892	–	2,651,190
Impairment losses on properties under development and completed properties held for sale – net	721,375	–	–	–	721,375
Share of post-tax losses/(profits) of joint ventures	49,948	–	(616)	–	49,332
Share of post-tax losses of associates	1,709	–	–	365	2,074

Notes to the Interim Condensed Consolidated Financial Information

5 SEGMENT INFORMATION (continued)

The segment results and other segment items included in the interim condensed consolidated statements of comprehensive income for the six months ended 30 June 2025 are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Group RMB'000
Six months ended 30 June 2025					
(Unaudited)					
Gross segment revenue	10,692,784	1,068,655	1,300,938	415,629	13,478,006
Inter-segment revenue	–	(114,403)	(111,149)	(1,211)	(226,763)
Revenue from external customers	10,692,784	954,252	1,189,789	414,418	13,251,243
Segment results	(50,892)	(840,705)	313,733	(49,949)	(627,813)
Fair value gains on financial assets at fair value through profit or loss					4
Unallocated operating costs					(257,584)
Finance costs – net (Note 22)					(637,573)
Loss before income tax					(1,522,966)
Income tax expense (Note 23)					(1,213,265)
Loss for the period					(2,736,231)
Depreciation recognised as expenses	18,713	–	5,011	133,899	157,623
Fair value losses on investment properties (note 7)	–	1,669,762	50,821	–	1,720,583
Impairment losses on properties under development and completed properties held for sale – net	2,510,217	–	–	–	2,510,217
Share of post-tax (profits)/losses of joint ventures	(3,055)	–	172	–	(2,883)
Share of post-tax losses/(profits) of associates	21,206	–	–	(373)	20,833

Notes to the Interim Condensed Consolidated Financial Information

5 SEGMENT INFORMATION (continued)

Segment assets, liabilities and interests in joint ventures and associates as at 30 June 2026 and capital expenditure for the six months then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Elimination RMB'000	Group RMB'000
At 30 June 2026 (Unaudited)						
Segment assets	65,975,763	67,978,273	5,835,102	11,656,130	(6,079,612)	145,365,656
Other assets						13,222,688
Total assets						158,588,344
Segment assets include:						
Interests in joint ventures	3,374,223	–	1,609	–	–	3,375,832
Interests in associates	3,004,172	–	–	36,634	–	3,040,806
Segment liabilities	30,573,536	2,474,801	2,439,304	5,807,186	(6,079,612)	35,215,215
Other liabilities						84,155,735
Total liabilities						119,370,950
Capital Expenditure (six months ended 30 June 2026) (unaudited)	1,104	1,023,832	2,423	167,677	–	1,195,036

Notes to the Interim Condensed Consolidated Financial Information

5 SEGMENT INFORMATION (continued)

Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2025 and capital expenditure for the six months ended 30 June 2025 are as follows:

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

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

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

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

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

Segment liabilities consist of operating liabilities.

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

Notes to the Interim Condensed Consolidated Financial Information

6 PROPERTY AND EQUIPMENT

	Property and equipment RMB'000	Land use rights RMB'000	Total RMB'000
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Six months ended 30 June 2026 (Unaudited)

Opening net book amount as at 1 January 2026	3,410,713	1,751,674	5,162,387
Additions	139,328	31,876	171,204
Derecognised upon disposal of subsidiaries	(73,878)	(67,629)	(141,507)
Depreciation charges	(111,547)	(37,121)	(148,668)
Closing net book amount as at 30 June 2026	3,364,616	1,678,800	5,043,416

Six months ended 30 June 2025 (Unaudited)

Opening net book amount as at 1 January 2025	4,108,650	2,175,980	6,284,630
Additions	152,923	27,804	180,727
Disposals	(174,462)	(245,183)	(419,645)
Depreciation charges	(123,847)	(33,776)	(157,623)
Closing net book amount as at 30 June 2025	3,963,264	1,924,825	5,888,089

As at 30 June 2026, property and equipment (comprising land use rights and buildings) with a net book amount of RMB1,306,773,000 (31 December 2025: RMB1,339,154,000) were pledged as collateral for the Group's borrowings (Note 18).

The capitalisation rate of borrowings for the six months ended 30 June 2026 was 4.60% (six months ended 30 June 2025: 5.09%).

Land use rights comprise cost of acquiring rights to use for certain land with lease periods from 40 to 70 years (2025: same), which are all located in the PRC, mainly for hotel buildings and other self-use buildings.

Notes to the Interim Condensed Consolidated Financial Information

7 INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
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Six months ended 30 June 2026 (Unaudited)

Opening amount as at 1 January 2026	63,094,942	11,432,652	74,527,594
Addition	–	1,023,832	1,023,832
Transfers	1,130,714	(1,130,714)	–
Fair value losses – net	(2,651,190)	–	(2,651,190)
Derecognised upon disposal of subsidiaries	(2,614,001)	–	(2,614,001)
Disposals	(864,500)	–	(864,500)
Closing amount as at 30 June 2026	58,095,965	11,325,770	69,421,735

Six months ended 30 June 2025 (Unaudited)

Opening amount as at 1 January 2025	66,358,759	10,910,685	77,269,444
Addition	–	2,503,053	2,503,053
Transfers	666,317	(666,317)	–
Fair value losses – net	(1,483,329)	(237,254)	(1,720,583)
Disposals	(169,825)	(6,594)	(176,419)
Closing amount as at 30 June 2025	65,371,922	12,503,573	77,875,495

Investment properties as at 30 June 2026 and 31 December 2025 are held in the PRC on leases between 10 to 50 years.

The capitalisation rate of borrowings for the six months ended 30 June 2026 was 4.60% (six months ended 30 June 2025: 5.09%).

As at 30 June 2026, investment properties of RMB30,239,149,000 (31 December 2025: RMB34,064,548,000) were pledged as collateral for the Group's borrowings (Note 18).

(i) Valuation processes of the Group

The Group's investment properties were valued at 30 June 2026 by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

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

Notes to the Interim Condensed Consolidated Financial Information

7 INVESTMENT PROPERTIES (continued)

(ii) Valuation techniques

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

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

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

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

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

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

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

Notes to the Interim Condensed Consolidated Financial Information

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

There was no associate nor joint venture of the Group as at 30 June 2026 which, in the opinion of the executive directors, is material to the Group. For those individually immaterial associates and joint ventures that are accounted for using the equity method, amounts recognised in the interim condensed consolidated balance sheet and the interim condensed consolidated statement of comprehensive income are set out as below:

Amounts recognised in the interim condensed consolidated balance sheet

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Investments accounted for using the equity method:		
Joint ventures	3,375,832	3,451,177
Associates	3,040,806	3,050,905
	6,416,638	6,502,082

Amounts recognised in the interim condensed consolidated statement of comprehensive income

	Six months ended 30 June	
	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Share of (losses)/profits of associates and joint ventures accounted for using the equity method:		
Joint ventures	(49,332)	2,883
Associates	(2,074)	(20,833)
	(51,406)	(17,950)

9 PREPAYMENTS

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Acquisition of land use rights (Note (a))	2,223,112	2,368,670
Others	1,034,227	1,056,005
Current portion of prepayments	3,257,339	3,424,675

- (a) Prepayments for land acquisitions are made in accordance with the payment terms as stipulated in the land acquisition contracts.

Notes to the Interim Condensed Consolidated Financial Information

10 PROPERTIES UNDER DEVELOPMENT

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Properties under development comprise:		
– Construction costs and capitalised expenditures	3,773,889	5,703,575
– Interests capitalised	2,821,617	3,237,129
– Land use rights	10,808,454	14,860,265
	17,403,960	23,800,969

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

As at 30 June 2026, the impairment loss on properties under development to net realisable value amounted to RMB5,933,118,000 (31 December 2025: RMB5,697,849,000).

As at 30 June 2026, properties under development of approximately RMB7,257,302,000 (31 December 2025: RMB10,876,965,000) were pledged as collateral for the Group's borrowings (Note 18).

The capitalisation rate of borrowings for the six months ended 30 June 2026 was 4.60% (six months ended 30 June 2025: 5.09%).

11 COMPLETED PROPERTIES HELD FOR SALE

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

As at 30 June 2026, the impairment loss on completed properties held for sale to net realisable value amounted to RMB11,278,975,000 (31 December 2025: RMB10,792,869,000).

As at 30 June 2026, completed properties held for sale of approximately RMB6,849,974,000 (31 December 2025: RMB7,342,816,000) were pledged as collateral for the Group's borrowings (Note 18).

Notes to the Interim Condensed Consolidated Financial Information

12 TRADE RECEIVABLES

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Trade receivables (Note (a))	1,786,087	1,747,777
– Third parties	1,685,849	1,685,995
– Related parties (Note 29 (d))	100,238	61,782
Less: loss allowance (Note (b))	(440,824)	(372,830)
	1,345,263	1,374,947

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

As at 30 June 2026 and 31 December 2025, the ageing analysis of trade receivables as at the respective balance sheet date is as follows:

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

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2026, a provision of RMB440,824,000 was made against the gross amounts of trade receivables (31 December 2025: RMB372,830,000).
- (c) The maximum exposure to credit risk of the trade receivables at the reporting date was the carrying value of each class of receivables. The Group has retained the legal titles of the properties sold to these customers before the trade receivables are settled.
- (d) The Group's trade receivables are mainly denominated in RMB.

Notes to the Interim Condensed Consolidated Financial Information

13 OTHER RECEIVABLES

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Deposits for acquisition of land use rights	56,500	56,500
Other receivables from:	24,645,565	23,953,148
– Related parties (Note 29(d))	9,171,048	9,107,697
– Non-controlling interests	8,766,284	8,253,444
– Other amounts due from third parties	6,708,233	6,592,007
Less: loss allowance	(653,473)	(579,431)
	24,048,592	23,430,217

- (a) The Group's other receivables are mainly denominated in RMB.
- (b) As at 30 June 2026 and 31 December 2025, other receivables from related parties are interest-free and repayable on demand.
- (c) Other receivables represent cash advances made to non-controlling interests, which are unsecured, interest-free and repayable on demand.
- (d) Other receivables from third parties mainly consist of deposits for construction projects.
- (e) As at 30 June 2026 and 31 December 2025, the fair value of other receivables approximated their carrying amounts. The maximum exposure to credit risk of the other receivables at the reporting date was the carrying value of each class of receivables.

Notes to the Interim Condensed Consolidated Financial Information

14 RESTRICTED CASH

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Guarantee deposits for construction projects (Note (a))	1,623,032	1,638,004
Guarantee deposits for bank acceptance notes	32,423	32,359
Guarantee deposits for bank borrowings (Note (b))	18,158	11,818
Bank deposits	50,398	43,343
Others	164,277	147,214
	1,888,288	1,872,738
Denominated in:		
– RMB	1,888,288	1,872,738
	1,888,288	1,872,738

- (a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of presale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.
- (b) As at 30 June 2026, the Group has placed cash deposits of approximately RMB18,158,000 (31 December 2025: RMB11,818,000) with designated banks as security for bank borrowings (Note 18).

Notes to the Interim Condensed Consolidated Financial Information

15 CASH AND CASH EQUIVALENTS

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Cash at bank and in hand:		
– Denominated in RMB	5,570,143	5,266,939
– Denominated in HK\$	40,301	19,501
– Denominated in US\$	22,581	82,382
– Denominated in MOP	75	165
	5,633,100	5,368,987

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

16 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000	Total RMB'000
Authorised:			
As at 1 January 2026 and 30 June 2026	30,000,000,000		
Issued and fully paid:			
Six month ended 30 June 2026 (Unaudited)			
As at 1 January 2026 and 30 June 2026	4,140,403,000	36,779	36,779
Six month ended 30 June 2025 (Unaudited)			
As at 1 January 2025 and 30 June 2025	4,140,403,000	36,779	36,779

Notes to the Interim Condensed Consolidated Financial Information

17 OTHER RESERVES

	Merger reserve RMB'000 (Note (a))	Currency exchange revaluation reserves RMB'000	Statutory reserves RMB'000 (Note (b))	Share-based compensation reserves RMB'000 (Note (d))	Revaluation reserves RMB'000 (Note (c))	Capital injection by non- controlling interests RMB'000	Transaction with non- controlling interests RMB'000	Total RMB'000
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**Six month ended 30 June 2026
(Unaudited)**

At 1 January 2026	337,203	3,246	149,591	128,959	85,825	1,224,449	(170,002)	1,759,271
Transfer from investment properties revaluation reserve to retained earnings upon disposal of properties	-	-	-	-	(33,199)	-	-	(33,199)
Changes in the value of financial assets at fair value through other comprehensive income	-	-	-	-	(522)	-	-	(522)
Currency translation differences	-	26	-	-	-	-	-	26
At 30 June 2026	337,203	3,272	149,591	128,959	52,104	1,224,449	(170,002)	1,725,576

**Six month ended 30 June 2025
(Unaudited)**

At 1 January 2025	337,203	3,229	134,591	124,428	86,951	1,224,449	257,055	2,167,906
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	(427,339)	(427,339)
Employee share award scheme	-	-	-	4,531	-	-	-	4,531
Changes in the value of financial assets at fair value through other comprehensive income	-	-	-	-	(1,097)	-	-	(1,097)
Currency translation differences	-	1	-	-	-	-	-	1
At 30 June 2025	337,203	3,230	134,591	128,959	85,854	1,224,449	(170,284)	1,744,002

(a) Merger reserve

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

(b) Statutory reserves

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

Notes to the Interim Condensed Consolidated Financial Information

17 OTHER RESERVES (continued)

(c) Revaluation reserves

	Six months ended 30 June	
	2026	2025
	Unaudited RMB'000	Unaudited RMB'000
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value losses on FVOCI – gross	(696)	(1,463)
Transfer from investment properties revaluation reserve to retained earnings upon disposal of properties	(44,265)	–
Tax charge – deferred income tax	11,240	366
Total other comprehensive income – net of tax	(33,721)	(1,097)

(d) Share-based compensation reserve

Shares Award Scheme

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

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

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

Under the terms of the Huihong Share Award Scheme, when the vesting conditions are fulfilled, the Incentive Shares shall be vested 100%. As at 30 June 2026, total number of 27,558,000 Incentive Shares were purchased by and transferred to the grantees (as at 31 December 2025: 27,558,000 shares). For the six months ended 30 June 2026, an expense of RMB Nil was recognised in relation to the Huihong Share Award Scheme (30 June 2025: RMB5,688,000).

Notes to the Interim Condensed Consolidated Financial Information

18 BORROWINGS

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

(a) Senior notes

As at 30 June 2026, senior notes of RMB14,839,775,000 (31 December 2025: RMB15,301,100,000) was listed on the Singapore Exchange Securities Trading Limited which contain various early redemption options. The options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant as at 30 June 2026 and 31 December 2025.

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

As disclosed in the Group's announcement dated 29 November 2023, interest in the amount of US\$15,916,250 on the 5.95% Senior Notes due April 2025 (ISIN: XS2250030090) issued by the Group was due and payable on 30 October 2023. As at 30 June 2026, the Group has not yet paid the related interest. The non-payment would result in an event of default under the terms of certain senior notes issued by the Group. The total amount of senior notes in default or cross-default was RMB14,839,775,000 as at 30 June 2026 (31 December 2025: RMB15,301,100,000).

Notes to the Interim Condensed Consolidated Financial Information

18 BORROWINGS (continued)

(b) Corporate bonds

As at 30 June 2026, corporate bonds of RMB2,047,500,000 (31 December 2025: RMB5,829,902,000) are with the issuer's option to raise the coupon rate and the investor's option to sell back the bonds at the end of the second, third, fourth or fifth years. The options embedded in the corporate bonds are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above options was insignificant as at 30 June 2026 and 31 December 2025.

As disclosed in the announcement of Shanghai Powerlong Industrial Development Co., Ltd. ("Shanghai Powerlong"), a subsidiary of the Group, dated 27 February 2024, on 27 February 2024, Shanghai Powerlong failed to fully repay as scheduled the principal amount of RMB35 million that fell due on 27 February 2024 and the interest corresponding to the aforesaid principal amount during the period from 27 August 2023 to 26 February 2024 of the first tranche of medium-term notes of 2020 (Bond name: 20 寶龍 MTN001; bond code: 102001657). As at 30 June 2026, Shanghai Powerlong has not yet paid the principal and related interest. The non-payment would result in an event of default under the terms of certain corporate bonds issued by Shanghai Powerlong. The total amount of corporate bonds in default or cross-default was RMB2,047,500,000 as at 30 June 2026 (31 December 2025: RMB2,047,500,000).

Included in corporate bands are the perpetual capital instruments, representing the corporate bonds "19 Powerlong MTN002" with a principal amount of RMB500,000,000 at a coupon rate of 10.05% per annum. The perpetual capital instruments do not have maturity date and the distribution payments can be deferred at the discretion of the Company. The perpetual capital instrument was reclassified from equity instrument to debt instrument during the year ended 31 December 2024 and classified as borrowings as at 30 June 2026 and 31 December 2025 as triggered by cross default clause.

(c) Commercial mortgage backed securities

As disclosed in the announcement of Shanghai Powerlong dated 12 November 2025, as at 6 November 2025, Shanghai Powerlong failed to pay interest of Dongya Qianhai – Baolong Real Estate Commercial No.1 Asset-backed Special Plan on schedule and failed to redeem the put principal on time. The non-payment would result in an event of default under the terms of the Commercial mortgage backed security issued by Shanghai Powerlong. The total amount of Commercial mortgage backed securities in default was RMB721,130,000 as at 30 June 2026 (31 December 2025: RMB721,130,000).

(d) Bank borrowings

As at 30 June 2026, bank borrowings of RMB26,536,831,000 (31 December 2025: RMB28,514,217,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 10), completed properties held for sale (Note 11) and restricted cash (Note 14); the secured bank borrowings of RMB5,927,731,000 (31 December 2025: RMB6,419,270,000) were additionally guaranteed by certain related parties (Note 29(b)(iii)).

As at 30 June 2026, the principal amount of certain bank borrowings of the Group had not been repaid on time, which together with the default or cross-default of offshore bonds issued by the Group, constituted default or cross-default of certain bank borrowings amounting to RMB7,044,681,000 (31 December 2025: RMB5,286,605,000) in total.

(e) Other borrowings

As at 30 June 2026, borrowings from other non-bank financial institutions of RMB2,232,854,000 (31 December 2025: RMB2,492,934,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 10) and completed properties held for sale (Note 11).

As at 30 June 2026, the Group had defaulted in the timely repayment of the principal amount of certain other borrowings, which constituted defaults on certain other borrowings in the total amount of RMB245,879,000 (31 December 2025: RMB212,879,000).

Notes to the Interim Condensed Consolidated Financial Information

18 BORROWINGS (continued)

(f) Onshore debt restructuring

A restructuring proposal for six onshore corporate bonds and assets-backed securities issued by Shanghai Powerlong has been considered and approved at a meeting of the relevant bondholders in January 2026. The principal and interest repayment arrangements for the six bonds were adjusted and the aforesaid bondholders were offered a restructuring proposal including a debt-settlement-by-asset option, a repurchase option, a stock option and a general creditor claim option.

The table set forth below summarizes the changes to the major provisions after the onshore debt restructuring proposal taking effect from January 2026:

Bond code	Carrying amounts RMB'000	Interest rate after restructuring	Remaining maturity after restructuring
149194.SZ	760,758	1%	8 years
168765.SH	206,762	1%	8 years
151766.SH	510,093	1%	8 years
175613.SH	959,931	1%	8 years
175995.SH	1,561,692	1%	8 years
188204.SH	500,022	1%	8 years
	<u>4,499,258</u>		

The onshore debt restructuring was regarded as a substantial modification under HKFRS 9. As the onshore debt restructuring proposal in relation to the six onshore bonds was approved at the relevant meetings of bondholders held in January 2026, the carrying amounts of the six onshore bonds of approximately RMB4,499,258,000 and their accrued interests of approximately RMB547,357,000 were fully derecognized. The new financial liabilities were recognized at their fair values of RMB2,185,941,000 at the effective date of the onshore debt restructuring. The gain resulting from the onshore debt restructuring of RMB2,860,674,000 has been recognized and included in the Interim Condensed Consolidated Statement of Comprehensive Income in "Other income and gains/(losses), net."

The fair values of the recognized instruments are categorized in Level 3 of the Fair Value Hierarchy.

Notes to the Interim Condensed Consolidated Financial Information

18 BORROWINGS (continued)

(f) Onshore debt restructuring (continued)

The table set forth below summarizes, as at the onshore debt restructuring date, the valuation method adopted for measurement of the fair values of the financial instruments recognized in relation to the onshore debt restructuring and the quantitative information of the significant unobservable inputs used:

Description	Fair value as at the modification date RMB'000	Valuation method	Significant unobservable inputs	Range of significant unobservable inputs
Corporate bonds	2,087,593	Discounted cash flow model	Discount rate	10.39%
Assets-backed securities	98,348	Discounted cash flow model	Discount rate	10.89%
	<u>2,185,941</u>			

The relationship between the unobservable inputs and fair values is as follows:

The higher the discount rate, the lower the fair value.

In May 2026, the Group repurchased five onshore corporate bonds and an assets-backed security with carrying amount of approximately RMB349,454,000 pursuant to the arrangements of the repurchase option, for aggregate cash consideration and other fees of approximately RMB103,686,000. As a result, gain on onshore debt restructuring of approximately RMB245,768,000 was recognised in "Other income and gains/(losses), net" of the interim condensed consolidated income statement for the six months ended 30 June 2026.

At the end of each reporting period after the initial recognition, the carrying values of the corporate bonds are measured at amortized cost.

Notes to the Interim Condensed Consolidated Financial Information

19 CONTRACT LIABILITIES

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Current contract liabilities		
– Related parties (Note 29 (d))	23,612	24,706
– Third parties	6,003,874	9,441,779
	6,027,486	9,466,485

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

(a) Revenue recognised in relation to contract liabilities

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

	Six months ended 30 June	
	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	4,620,226	8,969,404

(b) Unsatisfied performance obligations

The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as of 30 June 2026 and 31 December 2025.

Notes to the Interim Condensed Consolidated Financial Information

20 TRADE AND OTHER PAYABLES

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Trade payables (Note (a))	11,372,952	11,034,352
– Related parties (Note 29 (d))	18,786	19,662
– Third parties	11,209,235	10,866,162
– Notes payable – third parties	144,931	148,528
Other payables and accruals	21,156,487	21,697,605
– Related parties (Note 29(d))	7,336,340	7,536,251
– Non-controlling interests	5,162,458	5,160,916
– Third parties (Note (b))	8,657,689	9,000,438
Value-added tax received in advance from customers	547,719	853,604
Payables for retention fee	770,132	810,630
Interest payable	4,136,498	3,728,422
Other tax payable	1,400,824	1,351,273
Payables for acquisition of land use rights	22,079	22,079
	39,406,691	39,497,965

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

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

- (b) Amounts represent mainly cash advances from independent third parties for joint development projects and deposits from property purchasers.
- (c) The Group's trade and other payables are mainly denominated in RMB, except for the interest payables of RMB2,277,632,000 (31 December 2025: RMB1,893,852,000) and RMB453,798,000 (31 December 2025: RMB419,537,000) denominated in US\$ and HK\$ respectively.
- (d) The carrying amounts of trade and other payables approximate their fair value.

Notes to the Interim Condensed Consolidated Financial Information

21 EXPENSES BY NATURE

Six months ended 30 June		
	2026	2025
	Unaudited	Unaudited
	RMB'000	RMB'000
Cost of properties sold – including construction cost, land cost and interest cost	5,634,101	7,326,330
Write-down of properties under development and completed properties held for sale	721,375	2,510,217
Staff costs and other labour costs (including directors' emoluments)	613,556	861,180
Advertising costs	128,988	161,692
Depreciation and amortisation	148,997	158,940
Hotel operating expenses	123,262	124,147
Outsourced security, greening and cleaning and maintenance costs	191,260	150,462
Utilities	122,070	123,729
Properties taxes	118,795	120,627
Office related expenses	15,970	18,666
Rental expense	1,837	2,420
Donations	15	4

22 FINANCE COSTS – NET

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

Notes to the Interim Condensed Consolidated Financial Information

23 INCOME TAX EXPENSE

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

PRC corporate income tax

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

PRC withholding income tax

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

PRC land appreciation tax ("LAT")

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

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

Notes to the Interim Condensed Consolidated Financial Information

23 INCOME TAX EXPENSE (continued)

Overseas income tax

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

Hong Kong profits tax

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

24 LOSS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2026 Unaudited	2025 Unaudited
Loss attributable to owners of the Company (RMB'000)	(592,273)	(2,652,343)
Weighted average number of ordinary shares in issue (thousand shares)	4,140,403	4,140,403
Basic loss per share (RMB cents per share)	(14.3)	(64.1)

(b) Diluted

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

25 DIVIDENDS

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

Notes to the Interim Condensed Consolidated Financial Information

26 FINANCIAL GUARANTEE CONTRACTS

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

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	4,821,473	9,749,564
Guarantees for borrowings of joint ventures and associates (Note (b))	609,835	679,905
	5,431,308	10,429,469

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore the fair value of these financial guarantees is immaterial.

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

27 COMMITMENTS

- (a) Commitments for property development expenditures

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

- (b) Leases commitments

As at 30 June 2026 and 31 December 2025, the Group did not have any material short-term lease commitments.

Notes to the Interim Condensed Consolidated Financial Information

28 DISPOSAL

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

The net assets of the Target Company at the date of completion were as follows:

	RMB'000
Net assets disposed of:	
Cash and cash equivalents	3,042
Restricted cash	800
Trade receivables	139,430
Other receivables	151,610
Prepayments	11
Properties under development	648
Property and equipment	141,507
Investment properties	2,354,000
Deferred income tax assets	1,107
Trade and other payables	(535,756)
Current income tax liabilities	(118,700)
Borrowings	(1,007,000)
Deferred income tax liabilities	(60,310)
	<u>1,070,389</u>
Loss on disposal of a subsidiary:	
Consideration	1,000,000
Less: net assets attributable to owners of the Company	(1,070,389)
Loss on disposal	(70,389)
Attributable to owners of the Company	<u>(70,389)</u>

An analysis of the net inflow of bank balances and cash in respect of the disposal of the Target Company is as follows:

	RMB'000
Net assets disposed of:	
Consideration	1,000,000
Less: amount due from the Purchaser	(200,000)
Less: bank balances and cash disposed of	<u>(3,042)</u>
	<u>796,958</u>

Notes to the Interim Condensed Consolidated Financial Information

29 RELATED PARTY TRANSACTIONS

(a) Ultimate controlling shareholder and controlling shareholders

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

(b) Transactions with related parties

- (i) During the six months ended 30 June 2026 and 2025, the Group had the following significant transactions with related parties:

	Six months ended 30 June	
	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Nature of transaction		
Controlled by the ultimate controlling shareholder		
Rental income	590	369
Purchase of office equipment and security intelligentisation system services from related parties	2,456	10,605
Companies significantly influenced by Controlling Shareholder		
Purchase of digitalisation services	10,349	3,426
Controlled by the Controlling Shareholders		
Rental expenses	5,659	6,030
Interest expenses	51,232	52,432
Joint ventures and associates		
Sales of construction materials	2,958	7,024
Interest income	47,412	–
Consultation services provided	9,674	5,970
Commercial operational services and residential properties management services provided	4,369	5,203

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

Notes to the Interim Condensed Consolidated Financial Information

29 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties (continued)

- (ii) The Group have provided guarantees for borrowings of certain joint ventures and associates of RMB609,835,000 as at 30 June 2026 (31 December 2025: RMB679,905,000) (Note 26).
- (iii) Certain related parties have provided guarantees for the Group's bank borrowings of RMB5,927,731,000 as at 30 June 2026 (31 December 2025: RMB6,419,270,000) (Note 18(d)).
- (iv) In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(c) Key management compensation

	Six months ended 30 June	
	2026 Unaudited RMB'000	2025 Unaudited RMB'000
Key management compensation		
– Salaries and other employee benefits	5,468	8,073
– Pension costs	381	719
	5,849	8,792

Notes to the Interim Condensed Consolidated Financial Information

29 RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties

As at 30 June 2026 and 31 December 2025, the Group had the following material balances with related parties:

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Amounts due from related parties included in trade receivables (Note (i)):		
Companies controlled by the ultimate controlling shareholder	2,487	3,140
Joint ventures	86,688	46,417
Associates	11,063	12,225
	100,238	61,782
Amounts due from related parties included in other receivables (Note (iii)):		
Controlled controlled by the ultimate controlling shareholder	21,376	21,376
Joint ventures	7,759,961	7,727,189
Associates	1,389,711	1,359,132
	9,171,048	9,107,697
Amounts due to related parties included in trade payables (Note (ii)):		
Companies controlled by the ultimate controlling shareholder	18,761	19,638
Joint ventures	25	24
	18,786	19,662
Amounts due to related parties included in other payables (Note (iii)):		
Companies controlled by the ultimate controlling shareholder	1,648,779	1,857,399
Joint ventures	2,499,248	2,405,054
Associates	3,188,313	3,273,798
	7,336,340	7,536,251

Notes to the Interim Condensed Consolidated Financial Information

29 RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties (continued)

	30 June 2026 Unaudited RMB'000	31 December 2025 Audited RMB'000
Amounts due to related parties included in contract liabilities		
(Note (iv)):		
Joint ventures	6,965	8,059
Associates	16,647	16,647
	23,612	24,706

- (i) Amounts due from joint ventures and associates included in trade receivables are mainly derived from consulting services provided to joint ventures and associates.
- (ii) Amounts due to related parties included in trade payables are mainly derived from purchase of office equipment and security intelligentisation system services, which are unsecured, interest-free and to be settled according to contract terms.
- (iii) Except for an amount due to companies controlled by the ultimate controlling shareholder of approximately RMB1,489,802,000 (31 December 2025: RMB1,850,573,000), which is unsecured and interest-bearing at 5.4% (2025: 5.4%) per annum, amounts due from/to related parties included in other receivables/payables are cash advances in nature, which are unsecured, interest-free and receivable/repayable on demand.
- (iv) Amounts due to related parties included in contract liabilities mainly consist of advances paid for purchase of properties and consulting services.