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廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 2777)

2025 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “Board”) of Guangzhou R&F Properties Co., Ltd. (the “Company”) are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025. The condensed consolidated interim financial information appended at the end of this announcement forms an integral part of this announcement. The interim results have been reviewed by the audit committee of the Company.

BUSINESS REVIEW

On behalf of the Board, I am pleased to present our interim report for the first half of the year. During this period, economic conditions have remained persistently challenging. The global business environment was significantly impacted by the widespread implementation of new trade tariffs, which heightened uncertainty and weighed upon the global outlook. These challenges were further compounded by ongoing trade wars, political conflicts, and the continuation of armed conflicts in various regions.

In particular, the United States of America (the “U.S.”) undertook comprehensive tariff reforms, introducing substantial import and export duties on goods from all countries. This move, affecting an estimated USD1.2 trillion in global trade volume and led to a marked stagnation in both international trade and production output. According to the World Trade Organization, global merchandise trade volume contracted by 3.2% in the first half of the year, reflecting the far-reaching consequences of these reforms. While certain countries have continued to champion free trade and equality, seeking to stimulate improved trade relations among partners, the abrupt introduction of significant tariffs by the world’s largest consumption economy by the U.S. has rendered production unsustainable for many sectors and small businesses. Global manufacturing output fell as producers grappled with higher costs and shifting supply chains to more cost efficient countries. Negotiations and postponement of tariff implementation have provided partial relief but uncertainty due to overhang of trade discussions have undoubtedly exerted a dampening effect on domestic growth and production. Notably, the gross domestic product (the “GDP”) growth across major economies slowed to an average of 1.1% in the first half of the year, the lowest level in over a decade.

Despite the global GDP slowdown, China’s economy has shown some resilience with official data released by the National Bureau of Statistics recording GDP reached RMB66.05 trillion or 5.3% growth in the first half, one of the highest amongst developed countries. Industrial manufacturing and investment were strong drivers of growth and consumer sentiment continued to improve as the government encouraged domestic consumption. However, China’s property sector continued to weigh down on the economy with investment falling during the period as a result of unresolved debt overhang and various restructuring as investors’ expectation for a near term resolution was unlikely.

Given the backdrop of China’s property sector, the Group remained cautiously optimistic when addressing the challenging conditions. Whilst conditions made it difficult to implement a longer term strategy, no significant adjustments were required by management as to operations and overall strategy. As time progresses, the acknowledgement by the Chinese government that the property sector is an important pillar to GDP growth and in need of support provides optimism that there can only be positive stimulus to provide much needed stability to the sector. Therefore, multiple round table discussions and policies are being discussed to provide some relief or stabilise any further negative trends which would be positive to the Group and sector sentiment.

The Group's operations is reliant on month-to-month contract sales which remains volatile with periods of improved sales in certain months. The Group will continue to focus on maintaining a stable contract sales output as the key liquidity to provide financial resources for daily operations. Monthly contracted sales fluctuate monthly resulting from factors such as inventory availability, pipeline, cyclical trends and festive periods. The Group will adjust sales strategy each period after taking into consideration the various factors to target a steady sales momentum for the remainder of the financial year.

During the past 12-months, management continues to engage with financial advisors and investors to determine a viable holistic restructuring plan for both onshore and offshore investors, banks and debt investors. In China, the focus was on asset realisation and asset credit class where the Group's sizeable non-residential holdings ensure a credible value when compared to residential developments that are more difficult to assess. In terms of offshore corporate actions, the focus is predominantly from exposure of USD denominated senior notes. There has been an active restructuring scheme proposed to noteholders to consider and vote. To formalise the scheme, a 75% accession rate is required. Currently just over half of the noteholders have acceded and communication with the remaining are ongoing. The remaining investors are quite fragmented and passive, therefore, management has been working closely with financial advisors to approach more targeted investors to engage in more detailed dialogue such that they can support the scheme. Based on dialogue thus far, management is confident of making further progress and progressing the restructuring forward.

GOING FORWARD

Looking ahead for the remainder of 2025, the Group will maintain a conservation approach to manage liquidity and ensure it has sufficient flexibility if challenging markets prolong over a longer period. Management has proven it has the experience and strategy to weather past challenges. I am committed to working closely with our strong team to address challenges directly and appreciate the support they have given over the past 12 months in determining the optimum approach. I have also consciously increased active dialogue with our shareholders and investors during this period to provide accountability and transparency to our stakeholders as we work to achieve a common objective.

FINANCIAL REVIEW

Revenue

The revenue of the Group mainly derived from property development, rental of investment properties and hotel operation. During the period, due to the continual slump of the real estate industry in the PRC, the Group's revenue generated from property development decreased by 60% to RMB4.165 billion, from RMB10.484 billion for the corresponding period of the previous year. This revenue was based on delivery of 460,960 sq.m. of sale properties in the period which was approximately 48% less than the 887,900 sq.m. delivered in the previous period. Overall average selling price for the period was approximately RMB9,000 per sq.m. (1H2024: RMB11,800 per sq.m.).

Rental income from property investment decreased by 26% to RMB313 million for the period, from RMB425 million in the first half of 2024. Revenue from hotel operations declined by 70% to RMB827 million from RMB2.762 billion in the corresponding period of the previous year. The significant decrease in hotel revenue was mainly due to the derecognition of then subsidiaries in September 2024.

Cost of Sales

Cost of sales of the Group primarily represents the costs incurred directly for the Group's property development activities. The components of cost of sales include land and construction costs, capitalised finance costs and levy taxes. In the first half of 2025, cost of sales of the Group was RMB4.506 billion, representing a decrease of 65% when compared with RMB12.882 billion in the previous period. The decrease in the cost of sales was in line with the reduction in revenue.

During the period, land and construction costs made up 85% of the total costs of property development. In terms of costs per sq.m., land and construction costs decreased to RMB6,200 from RMB9,330. Capitalised interest included in the cost of sales amounted to RMB437 million (1H2024: RMB947 million), 10% as a percentage of revenue from sale of properties. The cost of sales also included RMB62 million (1H2024: RMB117 million) as levy taxes.

Gross Profit Margin

During the period, the Group's overall gross profit amounted to RMB1.259 billion, as compared to RMB1.329 billion in the corresponding period of 2024. For property development, excluding the inventory impairment provision, the gross profit margin for the period was 19.4%, as compared to 10.9% in the first half of 2024.

Other Income and Other Gains/Losses – net

Other income and other gains/losses – net mainly consist of interest income, as well as gains/losses from the disposal of subsidiaries, joint ventures and associates. During the period, the Group recorded a net gain of RMB119 million under other income and other gains/losses, compared to a net gain of RMB1.715 billion in the first half of 2024. The decrease was mainly attributable to higher disposal gains from subsidiaries, a joint venture and an associate recognised in the first half of 2024.

Selling and Marketing Costs and Administrative Expenses

In the first half of 2025, the Group's selling and marketing costs decreased by 25%, from RMB606 million in the first half of 2024 to RMB453 million. Similarly, administrative expenses declined from RMB1.577 billion to RMB1.520 billion over the same period. These decreases were primarily attributable to the stringent cost control measures implemented by the Group to address liquidity pressure. Personnel costs remained the largest component of administrative expenses.

Finance Costs – net

Finance costs – net, representing the total interest expenses incurred in the period, after deducting amounts capitalised to development costs. In the first half of 2025, finance costs – net decreased by 13% to RMB2.394 billion from RMB2.752 billion for the corresponding period of the previous year. The total interest expenses incurred in the period was RMB4.249 billion (1H2024: RMB4.613 billion). Together with RMB437 million charged to the cost of sales related to capitalised interest, the total finance costs incurred during the period amounted to RMB2.831 billion (1H2024: RMB3.699 billion).

Income Tax Expenses

Income tax expenses of the Group primarily include land appreciation tax (LAT), enterprise and deferred income tax. The total income tax expenses for the six months ended 30 June 2025 was RMB1.216 billion (1H2024: RMB465 million). Out of the amount, LAT accounted for RMB1.140 billion (1H2024: RMB356 million) and enterprise and deferred income tax accounted for RMB76 million (1H2024: RMB109 million).

Profitability

The Group recorded a net loss of RMB4.082 billion for the period ended 30 June 2025, compared to a net loss of RMB2.331 billion for the period ended 30 June 2024. The net loss for the period was primarily attributable to the continued downturn in the real estate industry in the PRC, which resulted in a decrease in revenue from property development. In addition, the Group recorded net gains from the disposal of subsidiaries, joint ventures, and associates in the first half of last year, which reduced the net loss for the same period last year and also contributed to the increase in the loss for the period.

OTHER INFORMATION

Interim Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) laid out in Appendix C3 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as the code of conduct for directors and supervisors in any dealings in the Company’s securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the six months ended 30 June 2025.

Compliance with the Corporate Governance Code

The Group is committed to enhancing its corporate governance practices and procedures. It complies strictly with the PRC Company Law and other applicable laws and regulations. In particular, it has complied with the code provisions set out under the Corporate Governance Code as stated in Appendix C1 of the Listing Rules throughout the six months ended 30 June 2025.

Audit Committee

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

The audit committee comprises Mr. Wong Chun Bong (chairman of the audit committee) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2025.

ACKNOWLEDGEMENTS

We thank all our stakeholders for their continued support, confidence and patience as we work together during this challenging environment.

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

Hong Kong, 27 August 2025

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

* *For identification purpose only*

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

		Unaudited 30 June 2025	Audited 31 December 2024
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		20,302,335	20,576,442
Right-of-use assets		3,301,979	3,355,047
Investment properties		29,496,285	29,459,220
Intangible assets		495,895	512,896
Interests in joint ventures		7,585,095	7,548,961
Interests in associates		3,542,149	3,516,579
Deferred income tax assets		9,127,816	8,891,922
Financial assets at fair value through other comprehensive income (“FVOCI”)		4,176,877	4,343,684
Other financial assets		246,969	246,981
		<u>78,275,400</u>	<u>78,451,732</u>
Current assets			
Properties under development		120,738,494	122,211,099
Completed properties held for sale		40,653,368	41,764,488
Inventories		1,232,069	1,205,425
Trade and other receivables and prepayments	5	41,143,591	38,942,472
Tax prepayments		3,598,961	4,153,808
Restricted cash		2,819,523	3,076,424
Cash and cash equivalents		688,052	787,385
		<u>210,874,058</u>	<u>212,141,101</u>
Total assets		<u><u>289,149,458</u></u>	<u><u>290,592,833</u></u>

(All amounts in RMB Yuan thousands unless otherwise stated)

		Unaudited 30 June 2025	Audited 31 December 2024
	Note		
EQUITY			
Equity attributable to owners of the Company			
Share capital		3,752,367	3,752,367
Other reserves		9,499,148	9,095,322
(Accumulated losses)/retained earnings		(971,587)	3,074,750
		<u>12,279,928</u>	<u>15,922,439</u>
Non-controlling interests		<u>12,491,026</u>	<u>12,534,276</u>
Total equity		<u><u>24,770,954</u></u>	<u><u>28,456,715</u></u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings		6,929,951	8,875,691
Lease liabilities		26,342	33,510
Deferred income tax liabilities		8,844,977	8,305,955
Other payables	6	<u>478,911</u>	<u>1,104,307</u>
		<u>16,280,181</u>	<u>18,319,463</u>
Current liabilities			
Accruals and other payables	6	103,355,905	101,044,115
Contract liabilities		22,058,869	23,530,371
Current income tax liabilities		24,687,543	24,695,455
Short-term borrowings		2,692,117	454,380
Current portion of long-term borrowings		94,902,261	93,687,778
Lease liabilities		16,441	19,369
Dividend payable		369,787	369,787
Derivative financial instruments		<u>15,400</u>	<u>15,400</u>
		<u>248,098,323</u>	<u>243,816,655</u>
Total liabilities		<u><u>264,378,504</u></u>	<u><u>262,136,118</u></u>
Total equity and liabilities		<u><u>289,149,458</u></u>	<u><u>290,592,833</u></u>

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2025	2024
Revenue	4	5,765,053	14,210,860
Cost of sales		<u>(4,506,006)</u>	<u>(12,881,959)</u>
Gross profit		1,259,047	1,328,901
Other income	7	349,474	171,360
Other (losses)/gains – net	8	(230,385)	1,543,197
Selling and marketing costs		(452,890)	(605,533)
Administrative expenses		(1,520,020)	(1,576,747)
Provision for impairment losses on financial assets, net of reversal		<u>22,153</u>	<u>(1,801)</u>
Operating (loss)/profit		(572,621)	859,377
Finance costs – net	9	(2,393,758)	(2,751,643)
Share of results of joint ventures		75,043	22,594
Share of results of associates		<u>25,306</u>	<u>4,115</u>
Loss before income tax		(2,866,030)	(1,865,557)
Income tax expenses	10	<u>(1,216,091)</u>	<u>(465,144)</u>
Loss for the period		<u>(4,082,121)</u>	<u>(2,330,701)</u>
Loss attributable to:			
– Owners of the Company		(4,046,337)	(2,330,839)
– Non-controlling interests		<u>(35,784)</u>	<u>138</u>
		<u>(4,082,121)</u>	<u>(2,330,701)</u>
Basic and diluted losses per share for loss attributable to owners of the Company (expressed in RMB Yuan per share)		<u>(1.0783)</u>	<u>(0.6212)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2025	2024
Loss for the period	(4,082,121)	(2,330,701)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
– Change in fair value of financial assets at fair value through other comprehensive income, net of tax	(166,807)	(45,644)
<i>Items that may be reclassified to profit or loss</i>		
– Share of other comprehensive income of joint ventures and associates accounted for using the equity method	311	(15)
– Currency translation differences	570,322	204,100
Other comprehensive income for the period, net of tax	403,826	158,441
Total comprehensive income for the period	(3,678,295)	(2,172,260)
Total comprehensive income for the period attributable to:		
– Owners of the Company	(3,642,511)	(2,172,398)
– Non-controlling interests	(35,784)	138
	(3,678,295)	(2,172,260)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

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

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

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

This condensed consolidated interim financial information is presented in RMB Yuan (RMB), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 27 August 2025.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Going concern basis

For the six months ended 30 June 2025, the Group incurred a loss attributable to the owners of the Company of RMB4.046 billion. As at 30 June 2025, the Group’s total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB114.120 billion, out of which RMB106.711 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB3.508 billion.

Moreover, as at 30 June 2025, the Group was unable to repay certain bank borrowings and other borrowings of RMB32.745 billion according to their scheduled repayment dates, and subsequent to 30 June 2025 up to the date of approval of these condensed consolidated interim financial statements, the Group was unable to repay certain bank and other borrowings of RMB4.800 billion that are due for repayment. As a result, certain bank borrowings and other borrowings with an aggregate principal amount of RMB85.479 billion became default or cross-default.

Furthermore, the Group has been involved in various litigation cases related to unrepaid borrowings, construction disputes and other matters for which the Group has made provision.

(All amounts in RMB Yuan thousands unless otherwise stated)

In view of these circumstances, the directors of the Company (the “Directors”) have carefully considered the Group’s cash flow forecast for the next 12 months from 30 June 2025 and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have come up with certain plans and measures to ensure the Group to have sufficient financial resources to continue as a going concern and pay its debts when they fall due. Certain plans and measures have been taken or will be taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but not limited to, the following:

- The Company and its advisors have been engaged in dialogue with its stakeholders on the proposed restructuring (the “Restructuring”) of its offshore debt (the “In-Scope Debt”), in an effort to reach a solution under which all of its stakeholders will be treated fairly. The In-Scope Debt comprises three 6.5% Cash/7.5%PIK Senior Notes due in 2025, 2027 and 2028 respectively issued by Easy Tactic Limited (the “Notes Issuer”), a subsidiary of the Company, and any other financial indebtedness of the Group as designated by the Company, the Notes Issuer and R&F Properties (HK) Company Limited (“R&F (HK)”, and together with the Company and the Notes Issuer, the “Transaction Companies”) at their sole discretion;

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

- On 16 December 2024, the Company announced a restructuring proposal for the Restructuring and the related terms of the restructuring support agreement (the “RSA”). The Restructuring is expected to be implemented through a scheme of arrangement in the English court and/or court of other applicable jurisdiction in the sole discretion of the Transaction Companies, and/or to the extent that the Notes Issuer and the Company deem that it is necessary, through any other consent solicitation, corporate action, legal proceedings or other procedure or step commenced for the primary purpose of implementing the Restructuring.
 - The Restructuring will involve, among other things, a full release of the scheme creditors’ claims in exchange for the restructuring consideration, all In-Scope Debt shall be cancelled and all guarantees and securities (if any) in connection with the In-Scope Debt will be released and extinguished. For the details of the Restructuring plan, please refer to the announcement of the Company dated 16 December 2024.
 - As of the date of approval of these financial statements, the Restructuring is still in progress. The Transaction Companies with the assistance with their advisors, are in active discussions with the major holders of the In-Scope Debt. The Restructuring entails a significant deleveraging of the Group’s offshore indebtedness, which will enable the Company to better manage its operations and deliver long-term value for its stakeholders upon consummation. The Group will continue to maintain active communication with offshore creditors and strive to obtain support from relevant creditors to accede to the RSA as soon as possible, so as to complete the remaining implementation steps of the Restructuring.
- The Group is actively in discussions with other existing lenders to extend, refinance or restructure of the Group’s borrowings and not to demand immediate repayment until the Group generated sufficient cash flows. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales to address upcoming financial obligations and future operating cash flow requirements whilst engaging in existing lenders;

(All amounts in RMB Yuan thousands unless otherwise stated)

- Subsequent to the completion of the disposal of the Company's equity interest and shareholder's loan in a subsidiary with property development project in London in May 2024, the Group will continue to seek suitable opportunities to dispose of the equity interest in certain project development companies to generate additional cash inflows. The Group'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;
- The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach a solution to address the named litigations but also dispute claims referred in litigations where the outcome is not certain at this stage;
- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts; and
- The Group has already made significant adjustments 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 considered that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least 12 months from 30 June 2025. Accordingly, the Directors are of the opinion that it is appropriate to prepare the condensed consolidated financial statements of the Group for the period ended 30 June 2025 on a going concern basis.

However, the validity of the going concern assumption depends upon the successful outcome of the Group's plans and measures, including debt restructuring, loan negotiations, asset disposals, litigation resolutions, accelerating property sales and collections, and implementing business and cost control strategies to improve cash flow and working capital. These indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore that the Group may not be able to realise its assets and discharges its liabilities in the normal course of business.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2024 financial statements as described therein.

New and amended standards and interpretation adopted by the Group

The following new or amended standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2025.

<u>Standards</u>	<u>Subject</u>
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

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

4. SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2025 and 2024 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2025					
Segment revenue	4,200,747	399,090	842,718	481,663	5,924,218
Inter-segment revenue	(35,489)	(85,917)	(15,419)	(22,340)	(159,165)
Revenue from external customers	4,165,258	313,173	827,299	459,323	5,765,053
(Loss)/profit for the period	(3,875,417)	148,392	25,915	(381,011)	(4,082,121)
Finance costs – net	(2,126,702)	(83,451)	(12,293)	(171,312)	(2,393,758)
Share of results of joint ventures	75,159	–	–	(116)	75,043
Share of results of associates	39,957	–	–	(14,651)	25,306
Income tax (expenses)/credits	(1,200,893)	(39,824)	37,822	(13,196)	(1,216,091)
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(123,769)	–	(217,081)	(144,431)	(485,281)
Amortisation of incremental costs for obtaining contracts with customers	(240,015)	–	–	–	(240,015)
Provision for impairment losses on financial assets, net of reversal	21,082	33	197	841	22,153
	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2024					
Segment revenue	10,484,469	518,524	2,817,003	638,074	14,458,070
Inter-segment revenue	–	(93,871)	(54,808)	(98,531)	(247,210)
Revenue from external customers	10,484,469	424,653	2,762,195	539,543	14,210,860
(Loss)/profit for the period	(1,929,330)	217,273	(440,591)	(178,053)	(2,330,701)
Finance costs – net	(2,118,699)	(96,109)	(415,166)	(121,669)	(2,751,643)
Share of results of joint ventures	20,989	–	–	1,605	22,594
Share of results of associates	5,695	–	–	(1,580)	4,115
Income tax (expenses)/credits	(500,362)	(54,377)	118,972	(29,377)	(465,144)
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(135,772)	–	(682,781)	(127,557)	(946,110)
Amortisation of incremental costs for obtaining contracts with customers	(336,891)	–	–	–	(336,891)
Provision for impairment losses on financial assets, net of reversal	(35,683)	31,191	1,542	1,149	(1,801)

(All amounts in RMB Yuan thousands unless otherwise stated)

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

	Property development	Property investment	Hotel operations	All other segments	Group
As at 30 June 2025					
Segment assets	<u>224,959,037</u>	<u>29,665,012</u>	<u>14,166,533</u>	<u>6,807,214</u>	<u>275,597,796</u>
Segment assets include:					
Interests in joint ventures	7,583,164	–	–	1,931	7,585,095
Interests in associates	<u>3,476,586</u>	<u>–</u>	<u>–</u>	<u>65,563</u>	<u>3,542,149</u>
Segment liabilities	<u>121,547,156</u>	<u>669,986</u>	<u>778,833</u>	<u>3,325,680</u>	<u>126,321,655</u>
As at 31 December 2024					
Segment assets	<u>226,011,788</u>	<u>29,859,806</u>	<u>14,348,858</u>	<u>6,889,794</u>	<u>277,110,246</u>
Segment assets include:					
Interests in joint ventures	7,546,846	–	–	2,115	7,548,961
Interests in associates	3,436,825	–	–	79,754	3,516,579
Addition to non-current assets (other than financial instruments and deferred income tax assets)	<u>119,977</u>	<u>–</u>	<u>211,362</u>	<u>82,370</u>	<u>413,709</u>
Segment liabilities	<u>121,586,708</u>	<u>543,892</u>	<u>829,016</u>	<u>3,157,243</u>	<u>126,116,859</u>

(All amounts in RMB Yuan thousands unless otherwise stated)

5. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2025	31 December 2024
Trade receivables – net	2,247,995	2,581,977
Other receivables – net	21,111,174	18,353,581
Prepayments	3,628,664	3,823,579
Capitalised costs to obtain contracts	718,878	941,877
Due from joint ventures	3,783,284	3,739,791
Due from associates	1,865,296	1,865,435
Amounts due from then subsidiaries	7,788,300	7,636,232
Total	<u>41,143,591</u>	<u>38,942,472</u>

As at 30 June 2025, trade receivables were mainly derived from sale of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements.

	As at	
	30 June 2025	31 December 2024
Trade receivables		
– Due from third parties	2,075,146	2,391,726
– Due from joint ventures	395,032	414,395
– Due from an associate	9,939	9,939
– Due from entities jointly controlled by major shareholders of the Company	29	–
Total	2,480,146	2,816,060
Less: loss allowance	(232,151)	(234,083)
	<u>2,247,995</u>	<u>2,581,977</u>

At 30 June 2025 and 31 December 2024, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2025	31 December 2024
Up to 1 year	1,306,748	1,500,543
1 year to 2 years	211,070	199,582
2 years to 3 years	41,949	378,323
Over 3 years	920,379	737,612
	<u>2,480,146</u>	<u>2,816,060</u>

(All amounts in RMB Yuan thousands unless otherwise stated)

6. ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2025	31 December 2024
Amounts due to joint ventures	8,779,450	8,856,003
Amounts due to associates	394,989	399,946
Amounts due to entities jointly controlled by major shareholders and other related parties of the Company	172,553	175,408
Amounts due to major shareholders	980,761	967,290
Amounts due to then subsidiaries	489,202	498,825
Amounts due to a shareholder of certain joint ventures (Note (a))	7,331,537	6,973,048
Construction payables (Note (b))	38,179,494	40,301,870
Other payables and accrued charges (Note (c))	47,506,830	43,976,032
Total	103,834,816	102,148,422
Less: non-current portion (Note (a))	(478,911)	(1,104,307)
Current portion	<u>103,355,905</u>	<u>101,044,115</u>

Notes:

- (a) The balance was secured by the Group's shares in certain wholly-owned subsidiaries, the Group's right to receive the economic benefits deriving from one property development project and the guarantee provided by the Company.
- (b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.
- (c) The balance mainly represents interest payables, accruals, salary payables and other taxes payable excluding income tax.
- (d) The carrying amounts of accruals and other payables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

7. OTHER INCOME

	Six months ended 30 June	
	2025	2024
Interest income	9,793	32,317
Forfeited deposits from customers	5,105	5,941
Other operating income	333,529	131,997
Others	1,047	1,105
	<u>349,474</u>	<u>171,360</u>

8. OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2025	2024
Gains on disposals of subsidiaries	–	1,093,387
Gain on disposal of an associate	–	56,000
Gain on disposal of a joint venture	–	254,991
Gains/(losses) on disposals of property, plant and equipment	4,775	(2,929)
Fair value loss on other financial assets	(12)	–
Others	(235,148)	141,748
	<u>(230,385)</u>	<u>1,543,197</u>

9. FINANCE COSTS – NET

	Six months ended 30 June	
	2025	2024
Interest expenses:		
– bank borrowings	1,755,463	1,715,220
– domestic bonds	522,837	569,613
– senior notes	1,126,382	1,118,785
– other borrowings	843,097	1,199,885
– lease liabilities	1,692	9,148
	<u>4,249,471</u>	<u>4,612,651</u>
Net foreign exchange (gains)/losses	(174,747)	337,128
Less: finance costs capitalised	(1,680,966)	(2,198,136)
	<u>2,393,758</u>	<u>2,751,643</u>

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
Current income tax		
– Hong Kong profits tax (<i>Note (a)</i>)	–	28
– Enterprise income tax (<i>Note (b)</i>)	(367,008)	249,766
– PRC land appreciation tax (<i>Note (c)</i>)	1,140,287	356,063
Deferred income tax	442,812	(140,713)
	<u>1,216,091</u>	<u>465,144</u>

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the period (six months ended 30 June 2024: 16.5%).

(b) Enterprise income tax

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

In respect of the applicable income tax rates for the period ended 30 June 2025, the companies in the PRC, Cambodia and Malaysia were primarily taxed at 25%, 20% and 24% (six months ended 30 June 2024: 25%, 20% and 24%) on their profits, respectively.

(c) PRC land appreciation tax

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

11. DIVIDENDS

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).