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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)**

**2024 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 2024. 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**

After a difficult financial year ended 2023, operating conditions remain challenging for the six months ended 30 June 2024 due to economic uncertainty and continued weakness in China's property sector. Global outlook remains volatile as growth in major economies are expected to slow down further. China has also felt the effects of the global slowdown, affecting international trade and domestic production. China has set an optimistic growth target for GDP with introduction of appropriate stimulus measures aimed at meeting the target by year end. In addition to financial and economic stimulus measures, China has adopted unprecedented steps to allow greater foreign access within its borders. Historically driven by domestic consumption and self-sustaining economy, the allowance of easier foreign access and flexible staying conditions has made it more attractive for visitors and business travelers alike to travel to China. Foreigners have historically had to apply for weeks after providing onerous supporting documents for review and approval. These approvals have now been removed entirely for some countries for short stays with those still requiring visa approvals expedited. The increased inflow of foreign travelers to China will provide added stimulus to regional consumption, and more importantly, broaden the view that China is an open and attractive investment region for foreigners and international companies to invest.

China's property sector continues to experience tight liquidity as purchasers have lost confidence in property as an asset class for ownership and investment due to declining values, oversupply and absence of purchasing power due to a weak economic backdrop. Contracted sales have declined significantly over the past year whilst maturities have accelerated due to lack of payment and serviceability. The abnormal sentiment has led to uncertainties in cash flow and inability to strategically plan, resulting in difficulties to manage liquidity to meet obligations. Despite a general relaxation of property specific austerity measures such that markets can determine its own normality, transaction volumes remain low relatively to historical levels. Due to current operating conditions, the Group along peers will continue to experience financial constraints and distressed balance sheets. Over the longer term though, the market adjustment and return to end user property purchasers should see a more sustainable property sector over the longer term.

The adverse operating conditions has led to focusing on cash generation from near-term sales of completed properties and recurring investment assets. The Group's proportion of contracted sales are more weighted to completed properties that are immediately cash generative and available for disbursement. Historically, contracted sales from completed properties carry a lower profitability profile and are harder to sell due to a less attractive profile than newer underdevelopment properties. However, as completion risk is a key concern, property purchasers have migrated to completed properties to avoid default risk. Another stream of important cash flow has been from investment properties with recurring rental and operating income such as retail malls and hotels. The portfolio of investment assets has provided a much-needed steady stream of cash flow less susceptible to market volatility. China's Central Government has been encouraging domestic consumption and local travel leisure, contributing to growth in the Group's hospitality and leisure assets such as our portfolio of 90 hotels. Whilst not a significant proportion of the Group in terms of overall revenue, the improvement in operating performance of investment properties solidifies the assets' value to the Group's balance sheet.

During the past year, asset sales and realisation of assets either for cash or reduction of debt remains an important approach to addressing maturities accordingly. The Group endeavours to explore unique options despite a difficult market backdrop for transactions due to lack of market liquidity. During the past six months, the most notable transaction for Group and market was the sale of our One Nine Elms project in London, UK. Having borrowed construction loans for completion earlier this year, certain milestone repayments under the financing looked increasingly unlikely to be met, resulting in an asset default. To avoid default and maximise the project's value, the Group structured a unique disposal to existing USD senior noteholders via a very substantial disposal, as defined under the listing rules, for an implied value of up to GBP1.6 billion value. The disposal was highly unique as the consideration was settled by way of amortisation of corresponding existing USD senior notes outstanding at par and discount to nominal value under a reverse Dutch auction mechanics. Upon completion, the resulting benefit to the Group was a) a mitigation of default on construction loan of GBP800 million including principal and interest, b) cancellation of outstanding USD senior notes with a nominal value of approximately USD1.17 billion, and c) realisation gain on disposal of approximately RMB2.1 billion above asset value and USD senior notes redemption below par. The transaction was highly regarded for its success, size and complexity thus far in 2024 by achieving various objectives for multiple interested parties at the Group, project and noteholder level.

## **GOING FORWARD**

As China's property sector continues to look for direction to recovery, the Group will maintain an open and transparent dialogue with lending banks and creditors. With sparse liquidity and limited immediate actionable steps, banks and creditors have demonstrated patience and understanding through maintaining channels of communication as the Group considers alternatives whilst maintain normal operations. Possible alternatives may include partial repayment if there is a sale of non-core assets, servicing interest only, possible extension of maturities, or offset from saleable inventory in lieu of cash. However, as markets remain unpredictable and cautious, the timing and success of discussions and transactions will require continued commitment by the management team to overcome challenges.

With regards to our property development strategy, the Group will adjust its approach accordingly as the sector returns to normality. More supportive policies are expected to be introduced to stabilise the sector and improve confidence for purchasers to return to the market. New starts and construction will be assessed on a city-by-city and project-by-project based on the pace of regional recovery. To reach a longer-term recovery and return to operational stability, a significant increase in property development and pre-sales will be critical.

## **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 15% to RMB10.484 billion, from RMB12.305 billion for the corresponding period of the previous year. This revenue was based on delivery of 887,900 sq.m. of sale properties in the period which was approximately 38% less than the 1,442,000 sq.m. delivered in the previous period. Overall average selling price for the period was approximately RMB11,800 per sq.m. (1H2023: RMB8,500 per sq.m.).

Rental income from property investment slightly increased by 2% to RMB425 million for the period, from RMB416 million in the first half of 2023. Revenue from hotel operations decreased by 7% to RMB2.762 billion from RMB2.983 billion in the corresponding period of the previous year.

### **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 2024, cost of sales of the Group was RMB12.882 billion, representing a decrease of 2% when compared with RMB13.182 billion in the previous period.

During the period, land and construction costs made up 89% of the total costs of property development. In terms of costs per sq.m., land and construction costs increased to RMB9,330 from RMB6,140. Capitalised interest included in the cost of sales amounted to RMB947 million (1H2023: RMB1.238 billion), 9% as a percentage of revenue from sale of properties. The cost of sales also included RMB117 million (1H2023: RMB93.2 million) as levy taxes.

### **Gross Profit Margin**

During the period, the Group's overall gross profit amounted to RMB1.329 billion, as compared to RMB3.234 billion in the corresponding period of 2023. For property development, excluding the inventory impairment provision, the gross profit margin for the period was 10.9%, as compared to 17.2% in the first half of 2023.

### **Other Income and Other Gains – net**

Other income and other gains – net mainly consists of interest income as well as gains on disposals of subsidiaries, a joint venture and an associate. During the period, other income and other gains – net recorded a gain of RMB1.715 billion in the first half of 2024, compared to a gain of RMB307 million in the first half of 2023. The change was mainly due to higher disposal gains of subsidiaries, a joint venture and an associate generated in the first half of 2024.

## **Selling and Marketing Costs and Administrative Expenses**

In the first half of 2024, selling and marketing costs of the Group amounted to RMB606 million (1H2023: RMB500 million), while administrative expenses decreased by 33% to RMB1.577 billion from RMB2.356 billion for the corresponding period of the previous year. The main component of administrative expenses was personnel costs.

## **Finance Costs – net**

Finance costs – net represent the total interest expenses incurred in the period, after deducting amounts capitalised to development costs. In the first half of 2024, finance costs – net decreased by 34% to RMB2.752 billion from RMB4.164 billion for the corresponding period of the previous year. This decrease was mainly due to lower foreign exchange losses in current period (1H2024: RMB337 million vs 1H2023: RMB1.597 billion). The total interest expenses incurred in the period was RMB4.613 billion (1H2023: RMB5.031 billion). Together with RMB947 million charged to the cost of sales related to capitalised interest, the total finance costs incurred during the period amounted to RMB3.699 billion (1H2023: RMB5.402 billion).

## **Income Tax Expenses**

Income tax expenses of the Group primarily include land appreciation tax (LAT) and enterprise income tax. The total income tax expenses for the six months ended 30 June 2024 was RMB465 million (1H2023: RMB1.255 billion). Out of the amount, LAT accounted for RMB356 million (1H2023: RMB463 million) and enterprise income tax accounted for RMB250 million (1H2023: RMB674 million).

## **Profitability**

The Group recorded a net loss of approximately RMB2.331 billion for the period ended 30 June 2024 as compared to a net loss of approximately RMB4.978 billion for the period ended 30 June 2023. The decrease in net loss is mainly attributable to the following factors: (1) the net gains generated from the disposal of equity interests in subsidiaries, a joint venture and an associate by the Group during the period, and (2) a slowdown in the depreciation of Renminbi against USD dollars, resulting in the reduction in foreign exchange losses. However, as the operating conditions in the property sector in the PRC are still challenging, recognised sales decreased which resulted in the net loss.

## Very Substantial Disposal

On 15 April 2024, R&F Properties (HK) Company Limited (“R&F HK”, a subsidiary of the Company) as seller and London One Limited (the “Purchaser”) as purchaser entered into a share purchase agreement (the “Agreement”) pursuant to which R&F HK would conditionally agree to sell the entire issued share capital of R&F International Real Estate Investment Co. Limited (the “Target Company”, a subsidiary of the Company which indirectly holds the property at 1 Nine Elms Lane, London SW8 5NQ) (the “Sale Shares”) and assign the entire loan owing by the Target Company to R&F HK as at completion (the “Sale Loan”) and the Purchaser would conditionally agree to acquire the Sale Shares and take assignment of the Sale Loan (the “Transaction”). The consideration for the Sale Shares is HK\$1.00 to be settled in cash, and the consideration for the Sale Loan is all the existing notes (the “Existing Notes”) issued by Easy Tactic Limited, a subsidiary of the Company, with minimum principal amount of US\$800,000,000 to be received by the Purchaser under the exchange offers conducted by the Purchaser. The Transaction constituted a very substantial disposal for the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and was subject to the reporting, announcement and shareholders’ approval requirements. Conditions to completion of the Transaction included but not limited to (i) the approval of the Agreement and the transactions contemplated thereunder by the shareholders of the Company at the extraordinary general meeting of the Company held on 18 March 2024 and (ii) the approval of the extraordinary resolution by the requisite majority of holders of each series of the Existing Notes on 5 April 2024, and completion of the Transaction took place on 8 May 2024.

Upon completion, the existing loans of the Target Company and its subsidiaries have been fully discharged with funds provided or arranged by the Purchaser and principal amount of US\$1,170,484,296 of the Existing Notes have been cancelled. The Transaction helped ease the liability and interest burden of the Group, thereby enhancing the overall financial position of the Group.

## **OTHER INFORMATION**

### **Interim Dividend**

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

### **Purchase, Redemption or Sale of Listed Securities of the Company**

As a result of the consummation of the transaction for the disposal of the entire issued share capital of R&F International Real Estate Investment Co. Limited (“R&F International”) and the assignment of the entire loan owing from R&F International to R&F Properties (HK) Company Limited, US\$409,144,920 in principal amount of the senior notes due 2025 issued by Easy Tactic Limited (“Easy Tactic”, a subsidiary of the Company) (the “2025 Notes”), US\$539,162,752 in principal amount of the senior notes due 2027 issued by Easy Tactic (the “2027 Notes”) and US\$222,176,624 in principal amount of the senior notes due 2028 issued by Easy Tactic (the “2028 Notes”) have been cancelled. After the cancellation, US\$1,034,162,134 in principal amount of the 2025 Notes, US\$1,921,827,815 in principal amount of the 2027 Notes and US\$1,571,167,017 in principal amount of the 2028 Notes remain outstanding as at 30 June 2024.

Save as disclosed above, during the six months ended 30 June 2024, 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 2024.

### **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 2024.

## **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 2024.

## **ACKNOWLEDGEMENTS**

It's been a difficult period for the Group's directors and senior management with added pressure from additional burden of responsibilities operating under current market conditions. The Group's directors and senior management have needed to act with greater discipline and responsibility to ensure the appropriate actions are taken. I expressly want to thank key senior management who have been at the front-line managing projects, finances, and relationships with key stakeholders, without which the Group would not be possible to function appropriately. To the Group's stakeholders, we are committed to work tirelessly to address the challenges this market presents such that we can continue to fulfill our responsibilities bestowed upon us.

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

Hong Kong, 28 August 2024

*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 2024	Audited 31 December 2023
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		41,309,044	44,306,750
Right-of-use assets		8,637,483	9,327,516
Investment properties		31,664,883	31,743,200
Intangible assets		546,864	567,837
Interests in joint ventures		7,869,428	7,828,582
Interests in associates		3,627,967	3,623,859
Deferred income tax assets		10,293,673	10,340,403
Financial assets at fair value through other comprehensive income		359,748	405,392
Other financial assets		390,746	390,747
		<u>104,699,836</u>	<u>108,534,286</u>
<b>Current assets</b>			
Properties under development		118,063,043	138,317,971
Completed properties held for sale		44,645,016	41,098,408
Inventories		1,242,757	1,047,614
Trade and other receivables and prepayments	5	34,081,865	35,409,691
Contract assets		119,059	412,014
Tax prepayments		4,364,598	4,305,639
Restricted cash		3,622,900	4,015,402
Cash and cash equivalents		1,363,069	1,727,204
		<u>207,502,307</u>	<u>226,333,943</u>
<b>Total assets</b>		<u><u>312,202,143</u></u>	<u><u>334,868,229</u></u>

(All amounts in RMB Yuan thousands unless otherwise stated)

	<i>Note</i>	<b>Unaudited 30 June 2024</b>	Audited 31 December 2023
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		3,752,367	3,752,367
Other reserves		11,814,066	11,655,625
Retained earnings		<u>15,957,039</u>	<u>18,287,878</u>
		<u>31,523,472</u>	<u>33,695,870</u>
<b>Non-controlling interests</b>		<u>12,690,991</u>	<u>12,696,292</u>
<b>Total equity</b>		<u><b>44,214,463</b></u>	<u><b>46,392,162</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		56,965,278	78,802,342
Lease liabilities		42,812	316,067
Deferred income tax liabilities		9,645,078	10,386,790
Other payables		<u>1,915,918</u>	<u>1,931,523</u>
		<u>68,569,086</u>	<u>91,436,722</u>
<b>Current liabilities</b>			
Accruals and other payables	6	96,465,469	95,682,326
Contract liabilities		21,945,928	29,095,876
Current income tax liabilities		23,737,705	23,313,225
Short-term borrowings		4,958,661	4,758,997
Current portion of long-term borrowings		51,906,088	43,742,837
Lease liabilities		21,456	62,603
Dividend payable		369,787	369,981
Derivative financial instruments		<u>13,500</u>	<u>13,500</u>
		<u>199,418,594</u>	<u>197,039,345</u>
<b>Total liabilities</b>		<u><b>267,987,680</b></u>	<u><b>288,476,067</b></u>
<b>Total equity and liabilities</b>		<u><b>312,202,143</b></u>	<u><b>334,868,229</b></u>

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT***(All amounts in RMB Yuan thousands unless otherwise stated)*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2024</b>	<b>2023</b>
Revenue	4	<b>14,210,860</b>	16,416,162
Cost of sales		<b>(12,881,959)</b>	(13,181,836)
<b>Gross profit</b>		<b>1,328,901</b>	3,234,326
Other income	7	<b>171,360</b>	132,611
Other gains – net	8	<b>1,543,197</b>	174,016
Selling and marketing costs		<b>(605,533)</b>	(499,864)
Administrative expenses		<b>(1,576,747)</b>	(2,356,102)
Net impairment losses on financial and contract assets		<b>(1,801)</b>	(99,202)
<b>Operating profit</b>		<b>859,377</b>	585,785
Finance costs – net	9	<b>(2,751,643)</b>	(4,164,063)
Share of results of joint ventures		<b>22,594</b>	(362,858)
Share of results of associates		<b>4,115</b>	218,111
<b>Loss before income tax</b>		<b>(1,865,557)</b>	(3,723,025)
Income tax expenses	10	<b>(465,144)</b>	(1,254,750)
<b>Loss for the period</b>		<b>(2,330,701)</b>	(4,977,775)
<b>Loss attributable to:</b>			
– Owners of the Company		<b>(2,330,839)</b>	(5,108,643)
– Non-controlling interests		<b>138</b>	130,868
		<b>(2,330,701)</b>	(4,977,775)
<b>Basic and diluted losses per share for loss attributable to owners of the Company (expressed in RMB Yuan per share)</b>		<b>(0.6212)</b>	(1.3614)

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME***(All amounts in RMB Yuan thousands unless otherwise stated)*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
<b>Loss for the period</b>	<b>(2,330,701)</b>	<b>(4,977,775)</b>
<b>Other comprehensive income</b>		
<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	<b>(45,644)</b>	<b>(1,821)</b>
<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	<b>(15)</b>	<b>280</b>
– Currency translation differences	<b>204,100</b>	<b>(390,244)</b>
	<hr/>	<hr/>
<b>Other comprehensive income for the period, net of tax</b>	<b>158,441</b>	<b>(391,785)</b>
	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>(2,172,260)</b>	<b>(5,369,560)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	<b>(2,172,398)</b>	<b>(5,500,428)</b>
– Non-controlling interests	<b>138</b>	<b>130,868</b>
	<hr/>	<hr/>
	<b>(2,172,260)</b>	<b>(5,369,560)</b>
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# 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, 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 28 August 2024.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2024 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### Going concern basis

For the six months ended 30 June 2024, the Group recorded a loss attributable to the owners of the Company of RMB2.331 billion. As at 30 June 2024, the Group’s total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB124.317 billion, out of which RMB65.436 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB4.986 billion. As at 30 June 2024, the Group had not repaid certain bank and other borrowings of RMB27.699 billion according to their scheduled repayment dates, and subsequent to 30 June 2024, the Group had not repaid certain bank and other borrowings of RMB346 million that are due for repayment from July and up to the date of approval of these condensed consolidated interim financial statements. Pursuant to the clauses of certain loan agreements of the Group, certain bank and other borrowings with an aggregate principal amount of RMB81.358 billion became repayable on demand.

Furthermore, the Group is being sued by various parties for various reasons. Subsequent to 30 June 2024, winding up petitions were filed to the court by one of the lenders of the Group against two subsidiaries (see the details of events after reporting period in Note 12).

*(All amounts in RMB Yuan thousands unless otherwise stated)*

In assessing the appropriateness of the use of the going concern basis for the preparation of the condensed consolidated interim financial statements, the directors of the Company (“Directors”) have prepared a cash flow forecast for the next 12 months from 30 June 2024. The cash flow forecast have been prepared with careful consideration to the future liquidity and finance performance of the Group. In addition, the following plans and measures are taken into account for the purpose of mitigating the liquidity pressure and to improve the financial position of the Group:

- (i) The Group is actively in discussions with the existing lenders on the renewal of the Group’s certain borrowings. 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 the opinion of the directors, the Group will be able to extend or refinance the borrowings upon their maturity based on recent successful outcomes that have been completed post year end. The recent successful discussions have formed a basis for similar discussions and have helped advance discussions on resolving near-term maturities. 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;
- (ii) 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;
- (iii) After the recent successful disposal of its equity interest and shareholder’s loan in a subsidiary with property development project in London, the Group will continue to seek 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 it relatively more attractive to potential buyers and retain a higher value in current market conditions;
- (iv) 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;
- (v) 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 an amicable solution to address the named litigation but also dispute claims referred in litigation where the outcome is not certain at this stage;

The directors are of the opinion 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 within the next 12 months from 30 June 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial statements of the Group for the period ended 30 June 2024 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in Mainland China and the uncertainties to obtain continuous support by the banks and the Group’s creditors, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above.

Should the Group be unable to operate as a going concern, 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 2023 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 2024.

<b><u>Standards</u></b>	<b><u>Subject</u></b>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants

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. 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 2024 and 2023 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
<b>Six months ended 30 June 2024</b>					
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)
<b>Revenue from external customers</b>	<b>10,484,469</b>	<b>424,653</b>	<b>2,762,195</b>	<b>539,543</b>	<b>14,210,860</b>
<b>(Loss)/profit for the period</b>	<b>(1,929,330)</b>	<b>217,273</b>	<b>(440,591)</b>	<b>(178,053)</b>	<b>(2,330,701)</b>
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)
(Allowance for)/reversal of impairment losses of financial and contract assets	(35,683)	31,191	1,542	1,149	(1,801)



*(All amounts in RMB Yuan thousands unless otherwise stated)*

The segment information provided to the Executive Directors for the reportable segments for the six months ended 30 June 2024 and 2023 are as follows (continued):

	Property development	Property investment	Hotel operations	All other segments	Group
<b>Six months ended 30 June 2023</b>					
Segment revenue	12,305,037	508,432	3,026,091	939,349	16,778,909
Inter-segment revenue	–	(92,385)	(43,221)	(227,141)	(362,747)
<b>Revenue from external customers</b>	<u>12,305,037</u>	<u>416,047</u>	<u>2,982,870</u>	<u>712,208</u>	<u>16,416,162</u>
<b>(Loss)/profit for the period</b>	<u>(4,533,268)</u>	<u>186,028</u>	<u>(420,504)</u>	<u>(210,031)</u>	<u>(4,977,775)</u>
Finance costs – net	(3,538,819)	(94,809)	(456,400)	(74,035)	(4,164,063)
Share of results of joint ventures	(362,854)	–	–	(4)	(362,858)
Share of results of associates	220,302	–	–	(2,191)	218,111
Income tax (expenses)/credits	(1,289,888)	(55,506)	118,064	(27,420)	(1,254,750)
Depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets	(153,677)	–	(815,704)	(113,647)	(1,083,028)
Amortisation of incremental costs for obtaining contracts with customers	(82,230)	–	–	–	(82,230)
(Allowance for)/reversal of impairment losses of financial and contract assets	<u>(100,913)</u>	<u>603</u>	<u>(2,291)</u>	<u>3,399</u>	<u>(99,202)</u>

*(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.

	<b>Property development</b>	<b>Property investment</b>	<b>Hotel operations</b>	<b>All other segments</b>	<b>Group</b>
<b>As at 30 June 2024</b>					
<b>Segment assets</b>	<u>223,977,368</u>	<u>31,741,460</u>	<u>39,231,795</u>	<u>6,207,353</u>	<u>301,157,976</u>
Segment assets include:					
Interests in joint ventures	7,868,113	–	–	1,315	7,869,428
Interests in associates	<u>3,548,902</u>	<u>–</u>	<u>–</u>	<u>79,065</u>	<u>3,627,967</u>
<b>Segment liabilities</b>	<u>116,278,977</u>	<u>475,096</u>	<u>1,668,258</u>	<u>2,352,539</u>	<u>120,774,870</u>
<b>As at 31 December 2023</b>					
<b>Segment assets</b>	<u>242,273,279</u>	<u>31,862,520</u>	<u>42,344,844</u>	<u>7,251,044</u>	<u>323,731,687</u>
Segment assets include:					
Interests in joint ventures	7,827,259	–	–	1,323	7,828,582
Interests in associates	3,543,916	–	–	79,943	3,623,859
Addition to non-current assets (other than financial instruments and deferred income tax assets)	<u>702,073</u>	<u>46,277</u>	<u>53,217</u>	<u>704,093</u>	<u>1,505,660</u>
<b>Segment liabilities</b>	<u>122,281,634</u>	<u>391,300</u>	<u>2,213,007</u>	<u>2,585,935</u>	<u>127,471,876</u>

(All amounts in RMB Yuan thousands unless otherwise stated)

## 5. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2024	31 December 2023
Trade receivables – net	3,368,668	3,360,687
Other receivables – net	19,253,966	19,802,504
Prepayments	4,624,274	4,768,199
Capitalised costs to obtain contracts	1,086,303	1,383,038
Due from joint ventures	3,884,105	4,179,672
Due from associates	1,864,549	1,915,591
	<u>34,081,865</u>	<u>35,409,691</u>
Total	<u><u>34,081,865</u></u>	<u><u>35,409,691</u></u>

As at 30 June 2024, 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 2024	31 December 2023
Trade receivables		
– Due from third parties	3,234,127	3,093,748
– Due from joint ventures	354,069	483,508
– Due from associates	10,021	10,103
	<u>3,598,217</u>	<u>3,587,359</u>
Less: loss allowance	(229,549)	(226,672)
	<u><u>3,368,668</u></u>	<u><u>3,360,687</u></u>

At 30 June 2024 and 31 December 2023, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2024	31 December 2023
Up to 1 year	2,355,104	2,201,503
1 year to 2 years	77,315	470,009
2 years to 3 years	489,866	291,235
Over 3 years	675,932	624,612
	<u>3,598,217</u>	<u>3,587,359</u>
	<u><u>3,598,217</u></u>	<u><u>3,587,359</u></u>

(All amounts in RMB Yuan thousands unless otherwise stated)

## 6. ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 2024	31 December 2023
Amounts due to joint ventures	9,611,626	9,451,685
Amounts due to associates	399,945	401,069
Amounts due to entities jointly controlled by major shareholders of the Company	415,696	415,696
Amounts due to major shareholders	817,351	369,389
Amounts due to a shareholder of certain joint ventures (Note (a))	6,525,162	6,166,874
Construction payables (Note (b))	37,816,428	37,570,647
Other payables and accrued charges (Note (c))	<u>42,795,179</u>	<u>43,238,489</u>
Total	98,381,387	97,613,849
Less: non-current portion (Note (a))	<u>(1,915,918)</u>	<u>(1,931,523)</u>
Current portion	<u><u>96,465,469</u></u>	<u><u>95,682,326</u></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.

## 7. OTHER INCOME

	Six months ended 30 June	
	2024	2023
Interest income	32,317	63,195
Other operating income	131,997	41,186
Forfeited deposits from customers	5,941	22,257
Others	<u>1,105</u>	<u>5,973</u>
	<u><u>171,360</u></u>	<u><u>132,611</u></u>

(All amounts in RMB Yuan thousands unless otherwise stated)

**8. OTHER GAINS – NET**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Gains on disposals of subsidiaries	<b>1,093,387</b>	30,139
Gain on disposal of an associate	<b>56,000</b>	–
Gain on disposal of a joint venture	<b>254,991</b>	–
(Losses)/gains on disposals of property, plant and equipment	<b>(2,929)</b>	4,095
Gains on disposals of intangible assets	<b>–</b>	4,198
Others	<b>141,748</b>	135,584
	<b><u>1,543,197</u></b>	<b><u>174,016</u></b>

**9. FINANCE COSTS – NET**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Interest expenses:		
– bank borrowings	<b>1,715,220</b>	2,015,850
– domestic bonds	<b>569,613</b>	610,790
– senior notes	<b>1,118,785</b>	1,178,861
– other borrowings	<b>1,199,885</b>	1,221,651
– lease liabilities	<b>9,148</b>	4,272
	<b><u>4,612,651</u></b>	<u>5,031,424</u>
Net foreign exchange losses	<b>337,128</b>	1,596,524
Less: finance costs capitalised	<b>(2,198,136)</b>	(2,463,885)
	<b><u>2,751,643</u></b>	<b><u>4,164,063</u></b>

(All amounts in RMB Yuan thousands unless otherwise stated)

## 10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
Current income tax		
– Hong Kong profits tax (Note (a))	28	–
– Enterprise income tax (Note (b))	249,766	673,826
– PRC land appreciation tax (Note (c))	356,063	463,097
Deferred income tax	<u>(140,713)</u>	<u>117,827</u>
	<u><b>465,144</b></u>	<u><b>1,254,750</b></u>

### (a) Hong Kong profits tax

Hong Kong profits tax is provided at the rate of 16.5% based on the estimated assessable profits for the period (six months ended 30 June 2023: Nil).

### (b) Enterprise income tax

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

In respect of the applicable income tax rates for the period ended 30 June 2024, the companies in the PRC, Cambodia and Malaysia were primarily taxed at 25%, 20% and 24% (six months ended 30 June 2023: 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.

*(All amounts in RMB Yuan thousands unless otherwise stated)*

## **11. DIVIDENDS**

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## **12. EVENTS AFTER REPORTING PERIOD**

- (a) As disclosed in the announcement of the Group dated 8 July 2024, Trillion Glory Limited, (“Trillion Glory”), a wholly owned subsidiary of the Company, received a winding-up petition (the “Trillion Glory Petition”) filed by Seatown Private Credit Master Fund (the “Petitioner”) on 8 July 2024 at the High Court of the Hong Kong Special Administrative Region of the People’s Republic of China (the “High Court”) in relation to Trillion Glory’s non-repayment of the Petitioner’s pro-rata share of the principal amount of a loan (the “Loan”), together with accrued interest. The Petitioner is one of the lenders holding 18% of the outstanding principal amount of the Loan, in the total amount of approximately US\$614 million in principal and accrued interest based on the Company’s calculation, as at 8 July 2024, The Trillion Glory Petition is scheduled to be heard before the High Court on 25 September 2024.

In addition, as disclosed in the announcement of the Group dated 19 August 2024, R&F Properties (HK) Company Limited (“R&F (HK)”), a wholly-owned subsidiary of the Company and one of the guarantors under the facility agreement of the Loan, received a winding-up petition (the “R&F (HK) Petition”) filed by the Petitioner on 19 August 2024 at the High Court in relation to R&F (HK)’s non-repayment of the Petitioner’s pro-rata share of the principal amount of the Loan, together with accrued interest. The R&F (HK) Petition is scheduled to be heard before the High Court on 30 October 2024.

- (b) As disclosed in the announcement of the Group dated 11 August 2024, Easy Tactic Limited (“Easy Tactic”), a wholly owned subsidiary of the Company and as the issuer of the Senior Notes, subject to the terms of the Senior Notes, the total interest in the amounts of approximately US\$147 million of the Senior Notes became due and payable in cash on 11 July 2024. Easy Tactic has a grace period of 30 days to make the interest payment. As at 11 August 2024, the grace period has expired. In view of the liquidity pressure currently faced by the Group, Easy Tactic has not made the payment in cash before the expiry.

The Company is in discussions with the holders of the Senior Notes for an amicable solution and will continue to closely monitor the situation and consider all possible actions including but not limited to the formulation of a holistic liability management solution in respect of the Group’s offshore debts.