



GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777



2024 
INTERIM REPORT



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CORPORATE INFORMATION

Executive Directors	Li Sze Lim Zhang Hui Xiang Lijun Zhao Feng
Non-executive Directors	Zhang Lin Li Helen
Independent Non-executive Directors	Zheng Ercheng Ng Yau Wah Daniel Wong Chun Bong
Supervisors	Chen Liangnuan Zhao Xianglin Zhang Yucong
Authorized Representatives	Li Sze Lim Lee Michael
Company Secretary	Lee Michael
Registered Office in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in Hong Kong	Room 6303, The Center, No. 99 Queen's Road Central, Hong Kong
Auditor	BDO Limited Certified Public Accountants Registered Public Interest Entity Auditors 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com



BUSINESS REVIEW

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





CHAIRMAN'S MESSAGE

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.

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.

Li Sze Lim

Chairman

Hong Kong, 28 August 2024



OPERATION REVIEW

Contracted Sales

The Group's total contracted sales in the first half of 2024 were approximately RMB5.6 billion with 393,600 sq.m. sold. The average selling price was approximately RMB14,200 per sq.m.. The contracted sales were generated from 176 projects in 98 cities of 27 provinces (including municipalities and autonomous regions) and 3 overseas countries. On a provincial and regional basis, contracted sales of Guangdong, Overseas, Beijing, Hainan, Tianjin, Inner Mongolia, Shanxi, Shaanxi, Hebei and Zhejiang were the highest top 10, which contributed approximately RMB4.72 billion, accounting for 84% of total contracted sales of the Group. In terms of city, contracted sales of tier-1 and tier-2 cities accounted for 62% of total contracted sales. Tier-3 and below cities contributed 19% of total contracted sales and overseas contributed 19%. On the type of property basis, 49% of total contracted sales were generated from high-rise residential properties, 4% from villas and 47% from commercial properties and others, including office, apartment and retail, etc..

Details of the Group's top 10 provinces and regions with the highest total contracted sales in the first half of 2024 are set out below:

Area	Approximate total value (RMB million)	Approximate total saleable area sold (Thousand sq.m.)
Guangdong	1,385.9	55.9
Overseas	1,055.2	58.1
Beijing	509.5	31.2
Hainan	458.6	24.4
Tianjin	274.2	30.8
Inner Mongolia	256.7	39.3
Shanxi	233.8	26.2
Shaanxi	211.7	22.3
Hebei	193.0	23.6
Zhejiang	138.7	8.2
	4,717.3	320.0

Details of the Group's first half of 2024 total contracted sales by geographical distribution are set out below:

Region	Approximate total value (RMB million)	Approximate total saleable area sold (Thousand sq.m.)
Northern China	1,276.7	110.3
Northwestern China	763.0	94.3
Southern China	1,385.9	55.9
Eastern China	307.6	21.9
Southwestern China	192.2	13.2
Hainan	458.6	24.4
Central Southern China	155.3	15.5
Overseas	1,055.2	58.1
Total	5,594.5	393.6





MANAGEMENT DISCUSSION AND ANALYSIS

Projects Under Development

As at 30 June 2024, the Group's projects under development amounted to approximately 11,482,000 sq.m. total GFA with total saleable area of approximately 7,059,000 sq.m., details of which are set out below:

Area	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)
Northern China	1,841,000	1,017,000
Eastern China	728,000	342,000
Northwestern China	3,286,000	2,000,000
Southern China	3,330,000	2,225,000
Central Southern China	939,000	655,000
Southwestern China	449,000	151,000
Hainan	148,000	134,000
Overseas	523,000	340,000
Sub-total	11,244,000	6,864,000
Investment Properties	238,000	195,000
Total	11,482,000	7,059,000

PROPERTY INVESTMENT

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties and theme parks etc.. The Group's investment properties portfolio as at 30 June 2024 is approximately 3,542,200 sq.m. in total GFA, among which total GFA of investment properties under operation is approximately 1,964,200 sq.m., and total GFA under development or planning is approximately 1,578,000 sq.m..

HOTEL OPERATION

As of 30 June 2024, the Group has 90 hotels under operation, with total GFA of 3,984,860 sq.m. and 27,716 hotel rooms. The 90 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups.





LAND BANK

During the period, the total saleable area of the new land was approximately 29,000 sq.m.. As at 30 June 2024, the Group's total land bank was approximately 54,340,000 sq.m. and 41,897,000 sq.m. in GFA and total saleable area, distributed across 89 cities and regions across China and overseas with details as below:

Location	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)
Development Properties		
Northern China	12,779,000	9,983,000
Eastern China	4,028,000	3,046,000
Northwestern China	12,001,000	8,978,000
Southern China	6,490,000	5,298,000
Central Southern China	5,654,000	4,630,000
Southwestern China	4,279,000	3,274,000
Hainan	2,269,000	2,092,000
Overseas	4,861,000	2,909,000
Sub-total	52,361,000	40,210,000
Investment Properties	1,979,000	1,687,000
Total	54,340,000	41,897,000



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.

The following table is the summary of revenue from property development:

City/Country	Amount of turnover (RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Hangzhou	2,611	80,750	32,300
Xian	1,859	104,340	17,800
Taiyuan	1,380	189,720	7,300
Guangzhou	829	18,860	44,000
Malaysia	673	50,780	13,300
Yancheng	579	52,820	11,000
Chongqing	379	50,210	7,500
Hainan	280	21,420	13,100
Huizhou	272	41,380	6,600
Jiujiang	266	35,650	7,500
Shenyang	235	41,100	5,700
Meixian	166	32,070	5,200
Cangzhou	133	16,960	7,800
Zouping	90	13,290	6,800
Beijing	85	8,130	10,500
Chengdu	83	6,700	12,400
Tianjin	80	17,230	4,600
Tangshan	77	21,660	3,600
Zhuhai	72	4,260	16,900
Jinhua	54	3,870	14,000
Australia	50	1,320	37,900
Other	231	75,380	3,100
Total	10,484	887,900	11,800



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.

Financial Resources, Liquidity and Liabilities

As at 30 June 2024, the total cash and bank balances of the Group including restricted cash were RMB4.99 billion (31 December 2023: RMB5.74 billion). Some of the Group's subsidiaries are required to place a certain amount of the presales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties.

As at 30 June 2024, the Group's total borrowings were RMB113.83 billion (31 December 2023: RMB127.30 billion), of which due within 1 year, between 1 and 5 years and over 5 years were amounted to RMB56.87 billion, RMB50.17 billion and RMB6.79 billion respectively. During the six months ended 30 June 2024, new bank borrowings of RMB275 million have been procured while bank borrowings repaid amounted to RMB396 million. The effective interest rate of the total bank borrowings portfolio at 30 June 2024 was 5.60% (31 December 2023: 5.58%).

The gearing ratio is measured by the net borrowings (total borrowing less total cash and cash equivalents and restricted cash) to total equity. As at 30 June 2024, the gearing ratio was 246.2% (31 December 2023: 262.0%).

The Group conducts its business primarily in Renminbi and non-Renminbi borrowings accounted for approximately 34% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 30 June 2024, the Group has not entered into any foreign exchange hedging transactions.

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





Charge on Assets

As at 30 June 2024, assets with total carrying values of RMB98.32 billion (31 December 2023: RMB101.99 billion) and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounted to RMB64.86 billion (31 December 2023: RMB71.25 billion).

Contingent Liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificate of the properties concerned. As at 30 June 2024, such guarantees totalled RMB69.28 billion, decreased by 9% from RMB76.46 billion as at 31 December 2023.

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.

Employee and Remuneration Policies

As of 30 June 2024, the Group had approximately 23,652 employees. The total staff costs incurred were approximately RMB951 million during the six months ended 30 June 2024. The Group provides competitive remuneration and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus system. Job related training is also provided from time to time.



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).

SHARE CAPITAL

The shareholding structure of the Company as at 30 June 2024 was as follows:

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

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

As at 30 June 2024, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which are required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 30 June 2024 were as follows:

Director/ Supervisor	Class of shares	Number of shares			Total number of shares held at the end of the period	Approximate percentage of interests in the total share capital ^{Note}
		Personal	Spouse or child under 18	Corporate interest		
Li Sze Lim	H share	1,066,092,672	5,000,000	16,000,000	1,087,092,672	28.97%
Zhang Hui	H share	1,894,800			1,894,800	0.05%
Xiang Lijun	H share	1,800,000			1,800,000	0.05%
Li Helen	H share	3,600		1,000,000	1,003,600	0.03%
Ng Yau Wah, Daniel	H share		588,000		588,000	0.02%
Chen Liangnuan	H share	20,000,000			20,000,000	0.53%

Note:

The Company's total number of issued shares as at 30 June 2024 was 3,752,367,344 H shares.



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

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

Notes:

1. Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Dr. Li Sze Lim.
2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Dr. Li Sze Lim owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd.. Sparks Real Estate Holdings Limited is beneficially owned by Dr. Li Sze Lim as to 50%.
3. Dr. Li Sze Lim (a) has an interest in US\$6,204,383 of the US\$1,034,162,134 senior notes due 2025 issued by Easy Tactic; and (b) through his spouse, has an interest in (i) US\$11,505,460 of the US\$1,921,827,815 senior notes due 2027 issued by Easy Tactic; and (ii) US\$116,698,199 of the US\$1,571,167,017 senior notes due 2028 issued by Easy Tactic.

Save as disclosed above, as at 30 June 2024, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2024, so far as the directors are aware, only the following persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares	Approximate percentage of interests in H shares ^(Note 1)
Zhang Li	H share	1,042,146,272 ^(Note 2)	27.77%

Notes:

1. The Company's total number of issued shares as at 30 June 2024 was 3,752,367,344 H shares.
2. Mr. Zhang is the beneficial owner of 1,022,146,272 H shares and is deemed to be interested in the 20,000,000 H shares held by his spouse.



Save as disclosed above, as at 30 June 2024, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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 (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.

BOARD COMPOSITION AND PRACTICE

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

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

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

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



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

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

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

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

The Company has adopted the Model Code laid out in Appendix C3 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the six months ended 30 June 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.



REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

The nomination committee of the Company was established with written terms of reference in accordance with Appendix C1 to the Listing Rules. The committee comprises three directors: Dr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. Dr. Li Sze Lim is the chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. Specific responsibilities include, among others, review the structure, size and composition of the Board according to the Board diversity policy, identify and nominate candidates to fill causal vacancies of directors and make recommendations to the Board in respect of succession planning.

SHAREHOLDERS RELATION

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

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)



	Note	Unaudited 30 June 2024	Audited 31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	7	41,309,044	44,306,750
Right-of-use assets	7	8,637,483	9,327,516
Investment properties	7	31,664,883	31,743,200
Intangible assets	7	546,864	567,837
Interests in joint ventures	8	7,869,428	7,828,582
Interests in associates	9	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	5	359,748	405,392
Other financial assets	10	390,746	390,747
		104,699,836	108,534,286
Current assets			
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	11	34,081,865	35,409,691
Contract assets		119,059	412,014
Tax prepayments		4,364,598	4,305,639
Restricted cash	12	3,622,900	4,015,402
Cash and cash equivalents		1,363,069	1,727,204
		207,502,307	226,333,943
Total assets		312,202,143	334,868,229





CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Unaudited 30 June 2024	Audited 31 December 2023
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	3,752,367	3,752,367
Other reserves		11,814,066	11,655,625
Retained earnings		15,957,039	18,287,878
		31,523,472	33,695,870
Non-controlling interests		12,690,991	12,696,292
Total equity		44,214,463	46,392,162
LIABILITIES			
Non-current liabilities			
Long-term borrowings	14	56,965,278	78,802,342
Lease liabilities		42,812	316,067
Deferred income tax liabilities		9,645,078	10,386,790
Other payables		1,915,918	1,931,523
		68,569,086	91,436,722
Current liabilities			
Accruals and other payables	15	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	14	4,958,661	4,758,997
Current portion of long-term borrowings	14	51,906,088	43,742,837
Lease liabilities		21,456	62,603
Dividend payable		369,787	369,981
Derivative financial instruments		13,500	13,500
		199,418,594	197,039,345
Total liabilities		267,987,680	288,476,067
Total equity and liabilities		312,202,143	334,868,229

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

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)



	Note	Unaudited Six months ended 30 June	
		2024	2023
Revenue	6	14,210,860	16,416,162
Cost of sales		(12,881,959)	(13,181,836)
Gross profit		1,328,901	3,234,326
Other income	16	171,360	132,611
Other gains – net	17	1,543,197	174,016
Selling and marketing costs		(605,533)	(499,864)
Administrative expenses		(1,576,747)	(2,356,102)
Net impairment losses on financial and contract assets		(1,801)	(99,202)
Operating profit		859,377	585,785
Finance costs – net	18	(2,751,643)	(4,164,063)
Share of results of joint ventures		22,594	(362,858)
Share of results of associates		4,115	218,111
Loss before income tax		(1,865,557)	(3,723,025)
Income tax expenses	19	(465,144)	(1,254,750)
Loss for the period		(2,330,701)	(4,977,775)
Loss attributable to:			
– Owners of the Company		(2,330,839)	(5,108,643)
– Non-controlling interests		138	130,868
		(2,330,701)	(4,977,775)
Basic and diluted losses per share for loss attributable to owners of the Company (expressed in RMB Yuan per share)		(0.6212)	(1.3614)

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





CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)



	Unaudited					
	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2024	3,752,367	11,655,625	18,287,878	33,695,870	12,696,292	46,392,162
Comprehensive income						
(Loss)/profit for the period	-	-	(2,330,839)	(2,330,839)	138	(2,330,701)
Other comprehensive income						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	-	(45,644)	-	(45,644)	-	(45,644)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	-	(15)	-	(15)	-	(15)
Currency translation differences	-	204,100	-	204,100	-	204,100
Total other comprehensive income, net of tax	-	158,441	-	158,441	-	158,441
Total comprehensive income for the period ended 30 June 2024	-	158,441	(2,330,839)	(2,172,398)	138	(2,172,260)
Distribution of profits from a subsidiary to minority shareholders	-	-	-	-	(5,439)	(5,439)
Balance at 30 June 2024	3,752,367	11,814,066	15,957,039	31,523,472	12,690,991	44,214,463





CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Unaudited					
	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023	3,752,367	12,224,336	38,452,363	54,429,066	12,511,955	66,941,021
Comprehensive income						
(Loss)/profit for the period	-	-	(5,108,643)	(5,108,643)	130,868	(4,977,775)
Other comprehensive income						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	-	(1,821)	-	(1,821)	-	(1,821)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	-	280	-	280	-	280
Currency translation differences	-	(390,244)	-	(390,244)	-	(390,244)
Total other comprehensive income, net of tax	-	(391,785)	-	(391,785)	-	(391,785)
Total comprehensive income for the period ended 30 June 2023	-	(391,785)	(5,108,643)	(5,500,428)	130,868	(5,369,560)
Changes in ownership interests in subsidiaries without change of control	-	(18,100)	-	(18,100)	-	(18,100)
Balance at 30 June 2023	3,752,367	11,814,451	33,343,720	48,910,538	12,642,823	61,553,361

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)



	Unaudited	
	Six months ended 30 June	
	2024	2023
Cash flows from operating activities		
– Cash (used in)/generated from operations	(747,462)	1,910,293
– Interest paid	(725,317)	(1,907,699)
– Income tax and land appreciation tax paid	(200,188)	(224,319)
Net cash used in operating activities	(1,672,967)	(221,725)
Cash flows from investing activities		
– Purchases of property, plant and equipment	(58,367)	(297,488)
– Purchases of intangible assets	(2,026)	(343)
– Additions of right-of-use assets	(132)	(85)
– Additions of investment properties	–	(13,140)
– Proceeds from disposals of investment properties	45,558	–
– Proceeds from disposals of property, plant and equipment	294	4,914
– Proceeds from disposals of land use rights	–	14,500
– Proceeds from disposals of a joint venture	353,669	–
– Proceeds from disposals of an associate	66,000	–
– Investments in financial assets at fair value through other comprehensive income, joint ventures and associates	–	(10,430)
– Disposal of subsidiaries, net of cash	977,741	296,263
– Cash receipts from the repayment of advances to related parties	36,553	56,430
– Cash advances to related parties	(5,284)	(79,525)
– Interest received	32,317	63,195
Net cash generated from investing activities	1,446,323	34,291
Cash flows from financing activities		
– Proceeds from borrowings, net of transaction costs	565,723	1,471,502
– Proceeds from other payables	4,846	–
– Repayments of other payables	(196,807)	–
– Repayments of borrowings	(686,102)	(3,099,291)
– Repayments to a shareholder of a joint venture	(2,181)	–
– Repayments of principal of lease liabilities	(20,976)	(28,462)
– Decrease in guarantee deposits for borrowings	230,596	1,192,535
– Cash advances from related parties	171,766	275,530
– Repayments to related parties	(198,149)	(37,696)
– Distribution of profits from a subsidiary to minority shareholders	(5,633)	–
Net cash used in financing activities	(136,917)	(225,882)
Net decrease in cash and cash equivalents	(363,561)	(413,316)
Exchange (losses)/gains	(574)	15,838
Cash and cash equivalents at the beginning of the period	1,727,204	2,177,020
Cash and cash equivalents at the end of the period	1,363,069	1,779,542

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





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

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

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 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 25 to the condensed consolidated interim financial information).

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:





2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

- (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.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(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.

<u>Standards</u>	<u>Subject</u>
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. JUDGEMENTS AND ESTIMATES

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

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.





5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.2 Liquidity risk

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

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 30 June 2024					
Borrowings (Note (1))	63,704,782	22,801,769	35,068,030	8,116,667	129,691,248
Lease liabilities	24,010	18,884	19,465	12,482	74,841
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	51,268,009	1,766,435	258,751	–	53,293,195
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	58,362,546	–	–	–	58,362,546
Guarantees in respect of borrowings of joint ventures and associates	5,897,402	1,492,432	2,599,170	929,487	10,918,491
Derivative financial instruments	13,500	–	–	–	13,500
At 31 December 2023					
Borrowings (Note (1))	55,167,331	29,272,414	51,632,942	11,032,512	147,105,199
Lease liabilities	80,443	76,370	175,041	112,103	443,957
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	48,165,296	8,864,068	1,602,981	1,991,351	60,623,696
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	63,734,066	–	–	–	63,734,066
Guarantees in respect of borrowings of joint ventures and associates	2,690,085	5,149,676	3,860,578	1,027,270	12,727,609
Derivative financial instruments	13,500	–	–	–	13,500

Note:

- (1) Interest on borrowings is calculated on borrowings held as at 30 June 2024 and 31 December 2023 respectively. Floating-rate interest is estimated using the current interest rate as at 30 June 2024 and 31 December 2023 respectively.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Credit risk

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

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

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

5.4 Capital management

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

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

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

	As at	
	30 June 2024	31 December 2023
Total borrowings (Note 14)	113,830,027	127,304,176
Less: cash and cash equivalents restricted cash	(1,363,069) (3,622,900)	(1,727,204) (4,015,402)
Net debt	108,844,058	121,561,570
Total equity	44,214,463	46,392,162
Gearing ratio	246%	262%



5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.5 Fair value estimation

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

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 and 31 December 2023 by level of the inputs to valuation techniques used to measure fair value.

	As at	
	30 June 2024	31 December 2023
Financial assets at FVOCI		
Level 1	357,748	403,392
Level 3	2,000	2,000
	359,748	405,392

	As at	
	30 June 2024	31 December 2023
Financial assets at FVOCI		
Opening balance	405,392	554,318
Fair value losses recognised as other comprehensive income	(45,644)	(148,926)
Closing balance	359,748	405,392



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

6. SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

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

(b) Segment performance

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

	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)
(Allowance for)/reversal of impairment losses of financial and contract assets	(35,683)	31,191	1,542	1,149	(1,801)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)



6. SEGMENT INFORMATION (Continued)

(b) Segment performance (continued)

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

	Property development	Property investment	Hotel operations	All other segments	Group
Six months ended 30 June 2023					
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)
Revenue from external customers	12,305,037	416,047	2,982,870	712,208	16,416,162
(Loss)/profit for the period	(4,533,268)	186,028	(420,504)	(210,031)	(4,977,775)
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	(100,913)	603	(2,291)	3,399	(99,202)

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 2024					
Segment assets	223,977,368	31,741,460	39,231,795	6,207,353	301,157,976
Segment assets include:					
Interests in joint ventures	7,868,113	–	–	1,315	7,869,428
Interests in associates	3,548,902	–	–	79,065	3,627,967
Segment liabilities	116,278,977	475,096	1,668,258	2,352,539	120,774,870
As at 31 December 2023					
Segment assets	242,273,279	31,862,520	42,344,844	7,251,044	323,731,687
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)	702,073	46,277	53,217	704,093	1,505,660
Segment liabilities	122,281,634	391,300	2,213,007	2,585,935	127,471,876



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

7. CAPITAL EXPENDITURE

	Intangible assets	Investment properties <i>(Note (a))</i>	Property, plant and equipment		
			Other owned assets	Hotel buildings <i>(Note (b))</i>	Right-of-use assets
Six months ended 30 June 2024					
At 1 January 2024	567,837	31,743,200	9,549,851	34,756,899	9,327,516
Additions	2,026	–	50,852	7,515	132
Disposal of subsidiaries	–	–	(7,360)	(2,133,629)	(519,892)
Disposals	(15)	(35,906)	(13,266)	(30,457)	(6,310)
Transfer from properties under development	–	–	–	1,317	–
Fair value losses from disposal	–	(8,894)	–	–	–
Depreciation and amortisation	(22,980)	–	(241,323)	(535,280)	(160,562)
Currency translation differences	(4)	(33,517)	(96,966)	891	(3,401)
At 30 June 2024	546,864	31,664,883	9,241,788	32,067,256	8,637,483
Six months ended 30 June 2023					
At 1 January 2023	1,055,675	33,749,600	7,908,218	37,787,304	9,853,365
Additions	5,031	13,140	210,722	215,015	20,926
Disposal of subsidiaries	–	–	(17,980)	(259,259)	(80,121)
Disposals	(243)	–	(5,723)	(20,335)	(72,363)
Transfer from properties under development	–	–	–	–	85
Depreciation and amortisation	(23,905)	–	(244,555)	(663,237)	(179,483)
Currency translation differences	–	–	(2,975)	171,363	15,398
At 30 June 2023	1,036,558	33,762,740	7,847,707	37,230,851	9,557,807

(a) Investment properties

The Group's investment properties were valued at 31 December 2023 by independent and professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

As at 30 June 2024, management did not revalue the investment properties considering that the carrying amount does not differ materially from that which would be determined using fair value.

(b) Hotel buildings

As at 30 June 2024, management did not revalue the hotel buildings considering that the carrying amount does not differ materially from that which would be determined using fair value.



8. INTERESTS IN JOINT VENTURES

	Six months ended 30 June	
	2024	2023
At 1 January	7,828,582	8,905,960
Additions	–	10,430
Disposal	(108,576)	–
Share of results	22,594	(362,858)
Share of other comprehensive income	(7)	(5)
Elimination of unrealised losses/(profits)	126,835	(51,861)
At 30 June	7,869,428	8,501,666

9. INTERESTS IN ASSOCIATES

	Six months ended 30 June	
	2024	2023
At 1 January	3,623,859	3,517,585
Share of results	4,115	218,111
Dividend declared by an associate	–	(6,660)
Share of other comprehensive income	(8)	285
Elimination of unrealised losses/(profits)	1	(255,587)
At 30 June	3,627,967	3,473,734

10. OTHER FINANCIAL ASSETS

As at 30 June 2024, the balance represented the Group's investments in certain PRC debt securities, which were measured at fair value. As at 30 June 2024, the fair value of such PRC debt securities, which was determined by reference to "China Securities Index Co., Ltd.", was approximately RMB391 million.

	As at	
	30 June 2024	31 December 2023
Opening balance	390,747	608,519
Additions	–	136
Fair value loss recognised in profit or loss	(1)	(217,908)
Closing balance	390,746	390,747

Other financial assets as at 30 June 2024 and 31 December 2023 are denominated in RMB.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

10. OTHER FINANCIAL ASSETS (Continued)

(a) Other financial assets include the following

	As at	
	30 June 2024	31 December 2023
Listed securities:		
– Bonds	390,746	390,747

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

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

	As at	
	30 June 2024	31 December 2023
Listed securities:		
Loss recognised in profit or loss	(1)	(217,908)

11. 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
Total	34,081,865	35,409,691


11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

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
	3,598,217	3,587,359
Less: loss allowance	(229,549)	(226,672)
	3,368,668	3,360,687

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
	3,598,217	3,587,359

12. RESTRICTED CASH

As at 30 June 2024 and 31 December 2023, the Group's restricted cash were mainly denominated in RMB. The conversion of the PRC group entities' RMB denominated bank 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 regulation of foreign exchange control promulgated by the PRC government.

As at 30 June 2024 and 31 December 2023, the Group's restricted cash mainly comprised guarantee deposits for construction of pre-sold properties, guarantee deposits for borrowings and others.

13. SHARE CAPITAL

	Number of shares (thousands)	Share capital
At 30 June 2024	3,752,367	3,752,367
At 31 December 2023	3,752,367	3,752,367

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





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS

	As at	
	30 June 2024	31 December 2023
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
– Secured	49,149,540	49,242,496
– Unsecured (Note (f))	3,611,997	3,633,827
	52,761,537	52,876,323
Domestic bonds (Note (b))		
– Secured	11,868,635	12,329,096
– Unsecured	531,570	558,000
	12,400,205	12,887,096
Senior notes (Note (c))		
– Secured	31,903,044	38,486,932
Other borrowings (Note (d))		
– Secured	10,855,807	17,344,055
– Unsecured (Note (f))	950,773	950,773
	11,806,580	18,294,828
Total long-term borrowings	108,871,366	122,545,179
Less: current portion of long-term borrowings	(51,906,088)	(43,742,837)
	56,965,278	78,802,342
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
– Secured	463,112	461,211
	463,112	461,211
Other borrowings (Note (d))		
– Secured	4,395,549	4,197,786
– Unsecured (Note (f))	100,000	100,000
	4,495,549	4,297,786
Total short-term borrowings	4,958,661	4,758,997
Current portion of long-term borrowings	51,906,088	43,742,837
Total borrowings	113,830,027	127,304,176





14. BORROWINGS (Continued)

(a) Bank borrowings

Movements in bank borrowings are analysed as follows:

	Six months ended 30 June	
	2024	2023
At 1 January	53,337,534	56,192,513
Additions	275,200	266,250
Repayments	(396,497)	(2,090,993)
Foreign exchange losses	8,412	27,559
At 30 June	53,224,649	54,395,329

The effective interest rate of bank borrowings is 5.60% (six months ended 30 June 2023: 5.57%).

(b) Domestic bonds

In September 2022, the Company, as the issuer, successfully extended the weighted average maturity period of eight corporate bonds with an aggregate principal amount of approximately RMB13.5 billion from approximately four months to over three years through bondholders' meetings. Of which, the "2019 Public Bonds I", which had a bond balance of nil after the completion of the small redemption on 31 October 2022, was delisted from the Shanghai Stock Exchange in accordance with the relevant regulations.

As at 30 June 2024, the aggregate carrying amount of the Company's domestic bonds (including corporate bonds on stock exchange and bonds on inter-bank bond market) amounted to RMB12,400,205,000 with annualized coupon rates ranging from 5.3% to 7%.

As at 30 June 2024, the fair values of the 2016 public bonds, the 2016 non-public bonds, the 2018 public bonds and the 2019 public bonds amounted to RMB4,336,319,000 (31 December 2023: RMB4,401,289,000) in total. The fair values were determined with reference to the quoted price on the last trading day of the six months ended 30 June 2024. Such fair values are level 1 of the fair value hierarchy.

As at 30 June 2024, the fair value of the 2020 non-public bonds approximates its carrying amounts. The fair value was based on cash flows discounted at the borrowing rate of 5.3% and is level 2 of the fair value hierarchy.





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (Continued)

(b) Domestic bonds (Continued)

The movements of domestic bonds are set out below:

	Six months ended 30 June	
	2024	2023
At 1 January	12,887,096	13,327,598
Redemption	(577,373)	(333,558)
Interest charged (Note 18)	569,613	610,790
Interest paid or included in other payables	(479,131)	(501,602)
At 30 June	12,400,205	13,103,228

(c) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

On 11 July 2022, a subsidiary of the Group, Easy Tactic Limited (“Easy Tactic”) as issuer, successfully restructured all series of senior notes with an aggregate principal amount of US\$4,943,631,000, equivalent to RMB33,102,553,000, into three new series of notes (“Senior Notes”) with maturities in 2025, 2027 and 2028 respectively, through a consent solicitation. The Senior Notes are listed on the Singapore Exchange Securities Trading Limited.

Upon completion of the very substantial disposal transaction on 8 May 2024, the principal amounts of US\$1,170,484,296 (equivalent to approximately RMB8,312,311,000) of the Senior Notes have been cancelled through the exchange offers conducted by the Purchaser.

As at 30 June 2024, the principal amount, interest rates, and maturity dates of the Senior Notes are as follows:

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

* PIK – Payment-in-kind

As at 30 June 2024, the Senior Notes were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.


14. BORROWINGS (Continued)

(c) Senior notes (Continued)

The movements of senior notes are set out below:

	Six months ended 30 June	
	2024	2023
At 1 January	38,486,932	35,459,059
PIK interest	1,462,969	1,296,313
Cancellation	(8,312,311)	–
Interest charged (Note 18)	1,118,785	1,178,861
Interest paid or included in other payables	(1,070,735)	(1,379,410)
Foreign exchange losses	217,404	1,418,745
At 30 June	31,903,044	37,973,568

The carrying amounts of the Group's senior notes are denominated in USD.

The fair values of the senior notes as at 30 June 2024 amounted to RMB967,924,000 (31 December 2023: RMB1,648,847,000). The fair value is determined by reference to the price quotations published by Bloomberg on the last trading date of the period ended 30 June 2024 and is within level 1 of the fair value hierarchy.

(d) Other borrowings

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

The movements of other borrowings are set out below:

	Six months ended 30 June	
	2024	2023
At 1 January	22,592,614	21,679,594
Additions	528,458	1,533,388
Repayments	(6,876,976)	(1,212,937)
Interest charged (Note 18)	1,199,885	1,221,651
Interest paid or included in other payables	(1,199,885)	(1,221,651)
Foreign exchanges losses	58,033	588,243
At 30 June	16,302,129	22,588,288

The carrying amounts of other borrowings as at 30 June 2024 are denominated in RMB, USD, GBP, AUD and KRW.

The effective interest rate of these funding arrangements ranged from 3.5% to 14.8% (six months ended 30 June 2023: 3.99% to 36%).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

14. BORROWINGS (Continued)

- (e) As at 30 June 2024, bank and other borrowings totaling RMB64,864,008,000 (31 December 2023: RMB71,245,548,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	As at	
	30 June 2024	31 December 2023
Right-of-use assets	2,020,583	2,046,252
Property, plant and equipment	33,036,354	27,441,368
Investment properties	18,411,252	18,411,252
Properties under development	37,130,155	45,836,635
Completed properties held for sale	7,336,513	7,638,082
Restricted cash	388,981	619,578
	98,323,838	101,993,167

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

15. ACCRUALS AND OTHER PAYABLES

	As at	
	30 June 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))	42,795,179	43,238,489
Total	98,381,387	97,613,849
Less: non-current portion (Note (a))	(1,915,918)	(1,931,523)
Current portion	96,465,469	95,682,326

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.

**16. 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	1,105	5,973
	171,360	132,611

17. OTHER GAINS – NET

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

18. FINANCE COSTS – NET

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





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

19. 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	(140,713)	117,827
	465,144	1,254,750

(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.

20. 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).



21. FINANCIAL GUARANTEE CONTRACTS

	As at	
	30 June 2024	31 December 2023
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties (Note (a))	58,362,546	63,734,066
Guarantees in respect of borrowings of joint ventures (Note (b))	10,902,672	11,633,322
Guarantees in respect of borrowings of an associate (Note (b))	15,819	1,094,287
Subtotal	10,918,491	12,727,609
Total	69,281,037	76,461,675

Notes:

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

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

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





NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

22. COMMITMENTS

Commitments for capital and property development activities

	As at	
	30 June 2024	31 December 2023
Contracted but not provided for		
– Property development activities (including land premium)	16,287,502	18,278,735

23. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 28.97% and 27.77%, respectively as at 30 June 2024, of the Company's shares.

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

(a) Key management compensation

	Six months ended 30 June	
	2024	2023
Salaries and welfare benefits	9,647	10,590

(b) Provision of construction and other services

	Six months ended 30 June	
	2024	2023
Joint ventures	349,403	445,591
Associates	657	846
	350,060	446,437


23. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

(c) Provision of guarantees for borrowings

The Group and certain other shareholders of the joint ventures and associates have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. As at 30 June 2024, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(i) Bank borrowings

	As at	
	30 June 2024	31 December 2023
Joint ventures	8,457,066	8,695,194
An associate	–	178,800
	8,457,066	8,873,994

(ii) Other borrowings

	As at	
	30 June 2024	31 December 2023
Joint ventures	1,279,310	1,613,568
An associate	15,500	913,420
	1,294,810	2,526,988

(d) Interest income on loans to related parties

	Six months ended 30 June	
	2024	2023
Joint ventures	3,671	45,216
	3,671	45,216

(e) Interest expense on borrowings due to related parties

	Six months ended 30 June	
	2024	2023
A joint venture	16,883	19,525
Major shareholders	41,633	41,404
	58,516	60,929



24. LITIGATIONS

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

- (a) 國興環球土地整理開發有限公司 (Guoxing Global Land Reclamation and Development Co., Ltd.*) (“Guoxing Global”) as claimant filed a lawsuit against 富力(北京)地產開發有限公司 (R&F (Beijing) Property Development Co., Ltd.*) (“R&F Beijing”), a subsidiary of the Company, for adjudication by 河北省高級人民法院 (The High People’s Court of Hebei Province) (the “Hebei High People’s Court”) in relation to a contractual dispute over a land development project, in respect of which Guoxing Global claimed against R&F Beijing for land consolidation costs of RMB649 million and interest and legal costs incurred thereon, and counterclaims were made by R&F Beijing against Guoxing Global. Such lawsuit was adjudicated by the Hebei High People’s Court and a first instance judgement was handed down in December 2018. Subsequently, both R&F Beijing and Guoxing Global sought and obtained a ruling from 中華人民共和國最高人民法院 (The Supreme People’s Court of the People’s Republic of China) (the “SPC”) to overturn the first instance judgement of the Hebei High People’s Court and the lawsuit was reverted to the Hebei High People’s Court for retrial. The Hebei High People’s Court handed down its first instance retrial judgment, pursuant to which all claims and counterclaims by the parties were dismissed. Afterwards, both R&F Beijing and Guoxing Global filed an appeal with the SPC. As at the reporting date, the appeal with the SPC is still in progress.
- (b) A PRC bank as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB632 million. Such lawsuit has been accepted by 廣州市中級人民法院 (Guangzhou Intermediate People’s Court). As at the reporting date, the lawsuit is still in progress.
- (c) A property development company as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB523 million. Such lawsuit has been accepted by 上海市第二中級人民法院 (Shanghai No. 2 Intermediate People’s Court). As at the reporting date, the lawsuit is still in progress.
- (d) A construction company as claimant filed a lawsuit against the Group in relation to a contractual dispute over a land development project with a claimed amount of approximately RMB317 million. Such lawsuit has been accepted by 上海市第一中級人民法院 (Shanghai No. 1 Intermediate People’s Court) and a first instance judgement was handed down in February 2024. The parties have sought to overturn the first instance judgement of 上海市第一中級人民法院 (Shanghai No. 1 Intermediate People’s Court). As at the reporting date, the lawsuit is still in progress.
- (e) A PRC bank as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB434 million. Such lawsuit has been accepted by 佛山市南海區人民法院 (Foshan Nanhai District People’s Court) and a first instance judgement was handed down in June 2024. The claimant appealed to the 佛山市中級人民法院 (Foshan Intermediate People’s Court). As at the reporting date, the lawsuit is still in progress.
- (f) A PRC bank as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB885 million. Such lawsuit has been accepted by 珠海市中級人民法院 (Zhuhai Intermediate People’s Court). As at the reporting date, the lawsuit is still in progress.



24. LITIGATIONS (Continued)

- (g) A trust company as claimant filed an arbitration against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB555 million. Such arbitration application has been accepted by 深圳國際仲裁院 (Shenzhen Court of International Arbitration). As at the reporting date, the arbitration case is still in progress.
- (h) A financial institution as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB459 million. Such lawsuit has been accepted by 北京金融法院 (Beijing Financial Court). As at the reporting date, the lawsuit is still in progress.

25. 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.





SUPPLEMENTARY INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the period ended 30 June 2024 in accordance with China Accounting Standards for Business Enterprises (“CAS”). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Loss for the period ended 30 June		Total equity as at	
	2024	2023	30 June 2024	31 December 2023
As stated in accordance with CAS	(2,224,832)	(4,889,692)	39,733,955	41,821,127
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gains arising from business combinations	(128)	–	34,381	34,509
2. Deferred taxation	32	–	(8,596)	(8,628)
3. Revaluation gains on investment properties transferred from properties under development	(15,342)	–	3,267	3,267
4. Revaluation model of subsequent measurement for hotel buildings	(90,431)	(88,083)	4,451,456	4,541,887
As stated in accordance with HKFRS	(2,330,701)	(4,977,775)	44,214,463	46,392,162

Notes:

1. The Group adopted SSAP27 “Accounting for Group Reconstructions” for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 “Merger Accounting for Common Control Combinations” in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.
2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.
3. The revaluation gains on investment properties transferred from properties under development was recognised in income statement under HKFRS, while in accordance with CAS was recognised in other comprehensive income.
4. The Group changed its accounting policies on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020.