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REDCO PROPERTIES GROUP LIMITED

力高地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1622)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2025 amounted to RMB988.5 million
- Loss for the six months ended 30 June 2025 amounted to RMB710.4 million
- Loss attributable to owners of the Company for the six months ended 30 June 2025 amounted to RMB590.0 million
- Land bank amounted to 9.8 million sq.m. as at 30 June 2025 (31 December 2024: 10.6 million sq.m.)
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (2024: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Redco Properties Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025, together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

| | | Six months ended 30 June | |
|--|--------------|---------------------------------|-------------------------|
| | <i>Notes</i> | 2025 | 2024 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Revenue | 4 | 988,488 | 3,773,471 |
| Cost of sales | | <u>(1,045,567)</u> | <u>(4,035,567)</u> |
| Gross loss | | (57,079) | (262,096) |
| Other income, gains and losses, net | 5 | (125,869) | (46,802) |
| Selling and marketing expenses | | (55,567) | (94,742) |
| General and administrative expenses | | (151,471) | (205,852) |
| Impairment losses on financial assets, net of reversal | | <u>(4,415)</u> | <u>(13,808)</u> |
| Operating loss | | <u>(394,401)</u> | <u>(623,300)</u> |
| Finance income | | 1,188 | 3,700 |
| Finance costs | | <u>(311,893)</u> | <u>(34,112)</u> |
| Finance income and costs, net | 6 | <u>(310,705)</u> | <u>(30,412)</u> |
| Share of results of investments accounted for using the equity method, net | | <u>(3,949)</u> | <u>(20,903)</u> |
| Loss before income tax | | (709,055) | (674,615) |
| Income tax (expense) credit | 7 | <u>(1,311)</u> | <u>43,470</u> |
| Loss for the period | | <u><u>(710,366)</u></u> | <u><u>(631,145)</u></u> |
| Loss for the period attributable to: | | | |
| – Owners of the Company | | (589,962) | (519,804) |
| – Non-controlling interests | | <u>(120,404)</u> | <u>(111,341)</u> |
| | | <u><u>(710,366)</u></u> | <u><u>(631,145)</u></u> |
| Loss per share | | | |
| – Basic and diluted (expressed in RMB cents per share) | 9 | <u><u>(16.61)</u></u> | <u><u>(14.64)</u></u> |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2025

| | Six months ended 30 June | |
|--|---------------------------------|-------------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Loss for the period | <u>(710,366)</u> | <u>(631,145)</u> |
| Other comprehensive income (expense) for the period | | |
| <i>Item that may not be reclassified subsequently to profit or loss:</i> | | |
| – Currency translation differences | <u>189,211</u> | <u>(239,134)</u> |
| Total other comprehensive income (expense) for the period | <u>189,211</u> | <u>(239,134)</u> |
| Total comprehensive expense for the period | <u><u>(521,155)</u></u> | <u><u>(870,279)</u></u> |
| Total comprehensive expense attributable to: | | |
| – Owners of the Company | <u>(401,957)</u> | <u>(758,375)</u> |
| – Non-controlling interests | <u>(119,198)</u> | <u>(111,904)</u> |
| | <u><u>(521,155)</u></u> | <u><u>(870,279)</u></u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

| | | 30 June | 31 December |
|---|--------------|--------------------|--------------------|
| | <i>Notes</i> | 2025 | 2024 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Unaudited)</i> | <i>(Audited)</i> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 474,718 | 492,866 |
| Investment properties | | 1,168,096 | 1,168,096 |
| Intangible assets | | 315,478 | 320,008 |
| Investments accounted for using the equity method | | 632,225 | 638,475 |
| Contract assets | | 611,040 | 617,386 |
| Deferred income tax assets | | 473,260 | 458,468 |
| | | 3,674,817 | 3,695,299 |
| CURRENT ASSETS | | | |
| Completed properties held for sales | | 7,189,569 | 7,000,436 |
| Properties under development for sales | | 22,177,655 | 22,620,512 |
| Trade and other receivables and deposits | 10 | 2,930,151 | 2,847,558 |
| Prepayments | | 1,423,376 | 1,345,836 |
| Income tax recoverable | | 2,193,452 | 2,207,114 |
| Amounts due from non-controlling interests | | 1,806,917 | 1,804,710 |
| Amounts due from associates | | 456,965 | 458,743 |
| Amounts due from joint ventures | | 627,084 | 628,814 |
| Financial assets at fair value through profit or loss | | — | 3,299 |
| Restricted cash | | 273,979 | 478,529 |
| Cash and cash equivalents | | 315,608 | 332,872 |
| | | 39,394,756 | 39,728,423 |

| | | 30 June | 31 December |
|--|--------------|--------------------|--------------------|
| | <i>Notes</i> | 2025 | 2024 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Unaudited)</i> | <i>(Audited)</i> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 14,520,732 | 14,220,716 |
| Amounts due to non-controlling interests | | 5,073,687 | 5,129,732 |
| Amounts due to associates | | 509,007 | 509,077 |
| Amounts due to joint ventures | | 4,626 | 4,464 |
| Income tax liabilities | | 3,118,965 | 3,101,384 |
| Bank and other borrowings | 12 | 16,248,087 | 15,688,767 |
| Contract liabilities | | 4,584,124 | 4,947,106 |
| | | <u>44,059,228</u> | <u>43,601,246</u> |
| NET CURRENT LIABILITIES | | <u>(4,664,472)</u> | <u>(3,872,823)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(989,655)</u> | <u>(177,524)</u> |
| NON-CURRENT LIABILITIES | | | |
| Deferred income tax liabilities | | 956,716 | 957,000 |
| Bank and other borrowings | 12 | 3,700 | 302,700 |
| | | <u>960,416</u> | <u>1,259,700</u> |
| NET LIABILITIES | | <u>(1,950,071)</u> | <u>(1,437,224)</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | | 139,632 | 139,632 |
| Reserves | | <u>(3,099,375)</u> | <u>(2,697,418)</u> |
| | | (2,959,743) | (2,557,786) |
| Non-controlling interests | | <u>1,009,672</u> | <u>1,120,562</u> |
| DEFICIENCY OF SHAREHOLDERS' EQUITY | | <u>(1,950,071)</u> | <u>(1,437,224)</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. General

Redco Properties Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 14 July 2008 as an exempted company with limited liability under the Companies Act of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

The principal activities of the Company and its subsidiaries (the “**Group**”) are property development, property management services, property investment services, project management services and healthcare services in the People’s Republic of China (the “**PRC**”).

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is different from the Company’s functional currency of Hong Kong dollars (“**HK\$**”).

The English names of all the companies established in the PRC presented in these condensed consolidated financial statements represent the best efforts made by the directors of the Company (the “**Directors**”) for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. Basis of presentation of condensed consolidated financial statements

(a) *Going concern assessment*

The Directors have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

For the six months ended 30 June 2025, the Group incurred a net loss attributable to the owners of the Company of approximately RMB589,962,000 (30 June 2024: RMB519,804,000). As of 30 June 2025, the Group recorded net current liabilities of RMB4,664,472,000 (31 December 2024: RMB3,872,823,000). In addition, as at 30 June 2025, the Group's total bank and other borrowings amounted to approximately RMB16,251,787,000 (31 December 2024: RMB15,991,467,000) and out of which, an amount of the Group's bank and other borrowings of approximately RMB16,248,087,000 (31 December 2024: RMB15,688,767,000) would fall due and be repayable within one year, while its cash and cash equivalents (excluding restricted cash) amounted to approximately RMB315,608,000 (31 December 2024: RMB332,872,000) only.

As described in note 12, as at 30 June 2025, the Group's bank and other borrowings amounting to approximately RMB15,783,094,000 (31 December 2024: RMB14,721,881,000) were defaulted and/or cross default due to overdue payment of principal and/or interest.

Moreover, the economic environment of the real estate sector in the PRC may have unfavorable impact to the working capital available to the Group and the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations.

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

In view of aforementioned, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following measures and plans are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Group, together with its financial and legal advisors, are actively negotiating with the lenders and creditors for its bank and other borrowings to formulate and agree a practical and feasible holistic debt restructuring plan aimed at addressed the current liquidity issue, enhancing credit profile of the Group and protecting the interest of all stakeholders (the “**Debt Restructuring Plan**”). The directors are confident that the Debt Restructuring Plan will ultimately reach a conclusion based on the recently communications with the lenders and creditors;
- (ii) The Group is still continuing to look for new and additional funding opportunities and actively negotiating with existing and new lenders and creditors to obtain new financing at a reasonable cost. In addition, the Group has been actively communicating with relevant existing and new lenders and creditors so as to obtain additional sources of funds for its existing and new development projects (the “**New Funding Plan**”) ;
- (iii) The Group has prioritised delivery development and continued to ensure the completing and delivery of its property development projects according to the schedule. In addition, the Group continues to enhance the payment collection progress from customers in respect of the property sales and pre sales through closely following up with the customers and communicating and coordinating with banks for the timely grant of individual mortgage loans to the customers in accordance with the timeline of cash flow projections prepared by the management (the “**Project Selling Plan**”);
- (iv) The Group continues to maintain communication and to obtain support from its major subcontractors and suppliers in arranging payments to these vendors and completing the construction progress as scheduled (the “**Project Management Plan**”); and
- (v) The Group continues to take active measures to control operational and administrative costs and control capital expenditures (the “**Stringent Management Plan**”).

The Directors have reviewed the Group's cash flow forecast prepared by management, which covers a period of at least twelve months from 30 June 2025. They are of the opinion that, taking into account the abovementioned measures and plans the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its Plans and Measures, which are subject to multiple uncertainties as described above. The Group's ability to continue as a going concern would depend on the successful execution and completion of the Debt Restructuring Plan, New Funding Plan, Project Selling Plan, Project Management Plan and Stringent Management Plan, all of which aim to provide the Group with adequate funds to settle existing financial obligations, commitments, and future operating and capital expenditures. However, these Plans and Measures are in preliminary stage or in progress and written contractual agreements and/or other documentary supporting evidences are not available to the Group as at the date of approval for issuance of these consolidated financial statements of the Group for extending the going concern assessment.

Should the Group fail to achieve the Plans and Measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might 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 these consolidated financial statements.

(b) Basis of preparation of condensed consolidated financial statements

The condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA and any public announcements made by the Company during the interim reporting period.

3. Material accounting policy information

Changes in accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment applies for the first time in six months ended 30 June 2025, but does not have an impact on the interim condensed consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates (“the Amendments to HKAS 21”)

The Amendments to HKAS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The Amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information. The amendments did not have Significant impact on the Group's interim condensed consolidated financial statements.

4. Revenue and segment information

(a) Revenue

Revenue mainly comprises of proceeds from sales of properties, provision of property management services and community value-added services, project management services, hotel operations and management services and community healthcare services and also rental income from leasing of properties.

Disaggregation of revenue from contracts with customers

The Group derives revenue from transfer of goods and services by category of major product lines and business:

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| <i>Revenue from contracts with customers:</i> | | |
| Sales of properties | 751,751 | 3,528,916 |
| Property management services and community value-added services | 191,365 | 190,430 |
| Project management services | 107 | 186 |
| Hotel income | 39,148 | 36,391 |
| Healthcare services | 695 | 3,266 |
| | <hr/> | <hr/> |
| | 983,066 | 3,759,189 |
| <i>Revenue from other sources:</i> | | |
| Rental income | 5,422 | 14,282 |
| | <hr/> | <hr/> |
| | <u>988,488</u> | <u>3,773,471</u> |

(b) Segment information

The Directors have been identified as the chief operating decision maker (“**CODM**”). Management determines the operating segments based on the Group’s internal reports, which are submitted to the Directors for performance assessment and resources allocation.

The Directors consider the business from a geographical perspective and assess the performance of property development in five reportable operating segments, namely Greater Western Taiwan Straits Economic Zone, Central and Western Regions, Bohai Economic Rim, Greater Bay Area and Others. The Group’s construction and sea reclamation services are considered together with the property development segments and included in the relevant geographic operating segment. “Others” segment represents provision of design services to group companies, corporate support functions, property management services (services provided to both internal or external customers), project management services, healthcare services, rental income and investment holding business.

The accounting policies of the operating segments are the same as the Group’s accounting policies.

The Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of depreciation of property, plant and equipment, share of results of investments accounted for using the equity method, finance income, finance costs and income tax credit (expense). Other information provided, except as noted below, to the Directors is measured in a manner consistent with that in the condensed consolidated financial statements.

Segment revenue, results, assets and liabilities

| | Greater Western Taiwan Straits Economic Zone RMB'000 | Central and Western Regions RMB'000 | Bohai Economic Rim RMB'000 | Greater Bay Area RMB'000 | Others RMB'000 | Total RMB'000 |
|--|---|--|-------------------------------------|--------------------------------|---------------------|---------------------|
| Six months ended 30 June 2025 (Unaudited) | | | | | | |
| Segment revenue | | | | | | |
| Revenue from contracts with customers | | | | | | |
| – Recognised at a point in time | 144,164 | 472,109 | 8,097 | 127,381 | 4,548 | 756,299 |
| – Recognised over time | 39,148 | — | — | — | 204,715 | 243,863 |
| – Others | — | — | — | — | 5,422 | 5,422 |
| Less: inter-segment revenue | — | — | — | — | (17,096) | (17,096) |
| Consolidated revenue from external customers | <u>183,312</u> | <u>472,109</u> | <u>8,097</u> | <u>127,381</u> | <u>197,589</u> | <u>988,488</u> |
| Segment results | | | | | | |
| Segment results | 23,900 | (203,514) | (19,349) | (92,279) | (83,705) | (374,947) |
| Depreciation of property, plant and equipment | <u>(15,983)</u> | <u>(182)</u> | <u>(55)</u> | <u>(31)</u> | <u>(3,203)</u> | <u>(19,454)</u> |
| Operating loss | 7,917 | (203,696) | (19,404) | (92,310) | (86,908) | (394,401) |
| Share of results of investments accounted for using the equity method, net | (1,671) | (81) | (393) | (1,552) | (252) | (3,949) |
| Finance income | 110 | 430 | 52 | 62 | 534 | 1,188 |
| Finance costs | (78,697) | (119,403) | (13,362) | (93,436) | (6,995) | (311,893) |
| Income tax credit (expense) | <u>(6,243)</u> | <u>(614)</u> | <u>9,162</u> | <u>1,404</u> | <u>(5,020)</u> | <u>(1,311)</u> |
| Loss for the period | <u>(78,584)</u> | <u>(323,364)</u> | <u>(23,945)</u> | <u>(185,832)</u> | <u>(98,641)</u> | <u>(710,366)</u> |
| As at 30 June 2025 (Unaudited) | | | | | | |
| Additions to: | | | | | | |
| Property, plant and equipment | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>4,482</u> | <u>4,482</u> |
| Total segment liabilities | <u>(2,917,512)</u> | <u>(10,569,048)</u> | <u>(7,532,988)</u> | <u>(7,838,790)</u> | <u>(16,161,306)</u> | <u>(45,019,644)</u> |
| Total segment assets | <u>5,555,135</u> | <u>12,545,264</u> | <u>5,297,435</u> | <u>8,500,185</u> | <u>11,169,361</u> | <u>43,067,380</u> |
| Other unallocated corporate assets | | | | | | <u>2,193</u> |
| Total consolidated assets | | | | | | <u>43,069,573</u> |
| <i>Including investments accounting for using the equity method</i> | <u>17,279</u> | <u>248,203</u> | <u>71,271</u> | <u>160,194</u> | <u>135,278</u> | <u>632,225</u> |

| | Greater Western Taiwan Straits Economic Zone RMB'000 | Central and Western Regions RMB'000 | Bohai Economic Rim RMB'000 | Greater Bay Area RMB'000 | Others RMB'000 | Total RMB'000 |
|--|--|--|-------------------------------------|-----------------------------------|---------------------|---------------------|
| Six months ended 30 June 2024 (Unaudited) | | | | | | |
| Segment revenue | | | | | | |
| Revenue from contracts with customers | | | | | | |
| – Recognised at a point in time | 38,659 | 2,703,921 | 413,816 | 372,520 | 6,064 | 3,534,980 |
| – Recognised over time | — | — | — | — | 243,534 | 243,534 |
| – Others | — | — | — | — | 14,282 | 14,282 |
| Less: inter-segment revenue | — | — | — | — | (19,325) | (19,325) |
| Consolidated revenue from external customers | <u>38,659</u> | <u>2,703,921</u> | <u>413,816</u> | <u>372,520</u> | <u>244,555</u> | <u>3,773,471</u> |
| Segment results | | | | | | |
| Segment results | (109,561) | (244,691) | (118,095) | (51,988) | (69,774) | (594,109) |
| Depreciation of property, plant and equipment | (16,843) | (283) | (126) | (117) | (11,822) | (29,191) |
| Operating loss | (126,404) | (244,974) | (118,221) | (52,105) | (81,596) | (623,300) |
| Share of results of investments accounted for using the equity method, net | (486) | (10,507) | (248) | (9,469) | (193) | (20,903) |
| Finance income | 984 | 1,421 | 262 | 334 | 699 | 3,700 |
| Finance costs | (9,948) | (1,495) | (6,165) | — | (16,504) | (34,112) |
| Income tax credit (expense) | 13,665 | 4,027 | 37,396 | 553 | (12,171) | 43,470 |
| Loss for the period | <u>(122,189)</u> | <u>(251,528)</u> | <u>(86,976)</u> | <u>(60,687)</u> | <u>(109,765)</u> | <u>(631,145)</u> |
| As at 31 December 2024 (Audited) | | | | | | |
| Additions to: | | | | | | |
| Property, plant and equipment | 36 | — | 2 | — | 13,477 | 13,515 |
| – Investments accounted for using the equity method | — | 6,070 | — | — | — | 6,070 |
| Total segment liabilities | <u>(8,166,846)</u> | <u>(10,018,355)</u> | <u>(9,053,192)</u> | <u>(4,637,367)</u> | <u>(12,985,186)</u> | <u>(44,860,946)</u> |
| Total segment assets | <u>11,181,158</u> | <u>11,637,819</u> | <u>7,034,287</u> | <u>4,795,755</u> | <u>8,772,480</u> | <u>43,421,499</u> |
| Other unallocated corporate assets | | | | | | 2,223 |
| Total consolidated assets | | | | | | <u>43,423,722</u> |
| <i>Including investments accounting for using the equity method</i> | <u>18,950</u> | <u>255,124</u> | <u>71,664</u> | <u>161,746</u> | <u>130,991</u> | <u>638,475</u> |

5. Other income, gains and losses, net

| | Six months ended 30 June | |
|---|--------------------------|-----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Exchange loss | (111,571) | (44,725) |
| Gain on disposals of investments accounted for using the equity method | — | 14,667 |
| Gain on disposals of property, plant and equipment | 819 | 395 |
| Loss on disposals of subsidiaries | (23,659) | (19,708) |
| Others | 8,542 | 2,569 |
| | <u>(125,869)</u> | <u>(46,802)</u> |

6. Finance income and costs, net

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Finance income from banks | <u>1,188</u> | <u>3,700</u> |
| Finance costs on bank and other borrowings, including senior notes | <u>731,450</u> | <u>765,226</u> |
| Less: amount capitalised in respect of qualifying assets | <u>(419,557)</u> | <u>(731,114)</u> |
| | <u>311,893</u> | <u>34,112</u> |
| Finance income and costs, net | <u>(310,705)</u> | <u>(30,412)</u> |
| Weighted average interest rate on capitalised borrowings (per annum) | <u>10.47%</u> | <u>10.45%</u> |

7. Income tax expense (credit)

| | Six months ended 30 June | |
|-----------------------------|--------------------------|-----------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Current tax: | | |
| – PRC enterprise income tax | 13,088 | 13,505 |
| – PRC land appreciation tax | 3,299 | (50,023) |
| | <u>16,387</u> | <u>(36,518)</u> |
| Deferred tax credit | (15,076) | (6,952) |
| | <u>1,311</u> | <u>(43,470)</u> |

Subsidiaries established and operating in the PRC are subject to PRC enterprise income tax at the rate of 25% for the six months ended 30 June 2025 (six months ended 30 June 2024: 25%).

No provision has been made for Hong Kong profits tax as the companies in Hong Kong did not generate any assessable profits for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% (six months ended 30 June 2024: 30% to 60%) on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

8. Dividends

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil), nor has any dividend been proposed since the end of the reporting period.

9. Loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Loss per share are calculated as follows: | | |
| Loss for the period attributable to owners of the Company for the purpose of calculating basic and diluted loss for the period | <u>(589,962)</u> | <u>(519,804)</u> |
| | | |
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | <i>(thousands of shares)</i> | |
| Number of shares: | | |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share | <u>3,551,609</u> | <u>3,551,609</u> |

No diluted loss per share for both periods were presented as there were no potential ordinary shares outstanding for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

10. Trade and other receivables and deposits

| | <i>Note</i> | 30 June 2025 | 31 December 2024 |
|--|-------------|-------------------------|-----------------------------|
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Trade receivables | (a) | 315,148 | 277,295 |
| Less: impairment | | <u>(55,400)</u> | <u>(51,141)</u> |
| | | <u>259,748</u> | <u>226,154</u> |
| <i>Other receivables comprise:</i> | | | |
| – Interest receivables | | 11,999 | 12,183 |
| – Others receivables | | 2,972,823 | 2,923,763 |
| <i>Deposits comprise:</i> | | | |
| – Deposits with local real estate associations | | 66,470 | 65,970 |
| – Deposits with labour department | | 4,880 | 5,077 |
| – Deposits with treasury bureau | | <u>11,058</u> | <u>11,082</u> |
| | | 3,067,230 | 3,018,075 |
| Less: impairment | | <u>(396,827)</u> | <u>(396,671)</u> |
| | | <u>2,670,403</u> | <u>2,621,404</u> |
| | | <u><u>2,930,151</u></u> | <u><u>2,847,558</u></u> |

Notes:

(a) Trade receivables

Trade receivables mainly arise from sales of properties and provision of property management services.

Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements. Credit terms are generally granted to certain customers and the customers are required to settle the receivables according to the sales and purchase agreements.

Property management services income are received in accordance with the terms of the relevant services agreements. Service income from property management service is due for payment by the residents upon the issuance of demand note.

As at 30 June 2025, trade receivables from sales of properties of approximately RMB8,556,000 (31 December 2024: RMB8,416,000) are secured by the properties sold. The carrying amounts of trade receivables approximates their fair values and are interest-free.

The following is an ageing analysis of trade receivables presented based on revenue recognition date.

| | 30 June | 31 December |
|---------------|--------------------|--------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| 0 - 30 days | 244,584 | 207,982 |
| 31 - 60 days | 1,432 | 983 |
| 61 - 90 days | 388 | 497 |
| 91 - 180 days | 11,590 | 6,156 |
| Over 180 days | 57,154 | 61,677 |
| | <u>315,148</u> | <u>277,295</u> |

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 *Financial Instruments*. A loss allowance of approximately RMB55,400,000 (31 December 2024: RMB51,141,000) was provided as at 30 June 2025, which was mainly resulted from the proceeds from property management services. The expected loss rate on proceed from sales of property is minimal, given there is no history of significant defaults from customers and insignificant impact from forward-looking estimates.

11. Trade and other payables

| | | 30 June | 31 December |
|-----------------------------|--------------|--------------------|--------------------|
| | <i>Notes</i> | 2025 | 2024 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Trade payables | (a) | 7,181,306 | 7,362,621 |
| Accruals and other payables | | 4,878,739 | 4,797,843 |
| Amounts due to shareholders | (b) | 93,301 | 87,911 |
| Other taxes payables | | 733,174 | 715,508 |
| Dividend payables | | 4,746 | 4,819 |
| Salary payables | | 17,543 | 16,755 |
| Interest payables | | 1,597,970 | 1,228,446 |
| Rental deposits received | | 13,953 | 6,813 |
| | | <u>14,520,732</u> | <u>14,220,716</u> |

Notes:

(a) Trade payables

The ageing analysis of the trade payables based on invoice date was as follows:

| | 30 June | 31 December |
|---------------|--------------------|--------------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| 0 to 30 days | 5,258,277 | 5,942,791 |
| 31 to 60 days | 20,860 | 111,405 |
| 61 to 90 days | 47,639 | 9,371 |
| Over 90 days | 1,854,530 | 1,299,054 |
| | <u>7,181,306</u> | <u>7,362,621</u> |

The carrying amounts of the Group's trade payables approximate their fair values due to their short maturities.

(b) Amounts due to shareholders

As at 30 June 2025 and 31 December 2024, the amounts due to shareholders are interest-free, unsecured and repayable within 1 year with repayment on demand clause.

12. Bank and other borrowings

| | <i>Notes</i> | 30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i> | 31 December 2024 <i>RMB'000</i> <i>(Audited)</i> |
|---|--------------|---|---|
| Bank and other borrowings comprise: | | | |
| – Senior notes, including accrued interests | (a) | 8,451,641 | 8,138,211 |
| – Bank borrowings | (b) | 7,800,146 | 7,853,256 |
| | | <u>16,251,787</u> | <u>15,991,467</u> |
| The carrying amounts of bank and other borrowings based on scheduled repayment dates set out in the loan agreements | | | |
| Within one year or demand | | 16,241,337 | 15,681,357 |
| More than one year, but not more than two years | | 4,927 | 300,235 |
| More than two years, but not more than five years | | 3,682 | 7,405 |
| More than five years | | 1,841 | 2,470 |
| | | <u>16,251,787</u> | <u>15,991,467</u> |
| The carrying amounts of bank and other borrowings that based on scheduled repayment dates and/or become immediately due and payable due to breach of loan covenants and/or contain a repayment on demand clause which was shown under current liabilities | | | |
| | | <u>(16,248,087)</u> | <u>(15,688,767)</u> |
| Amounts shown under non-current liabilities | | <u>3,700</u> | <u>302,700</u> |
| Analysed as: | | | |
| – Fixed-rates bank and other borrowings | | 10,994,885 | 10,698,514 |
| – Variable-rates bank and other borrowings | | 5,256,902 | 5,292,953 |
| | | <u>16,251,787</u> | <u>15,991,467</u> |
| Analysed as: | | | |
| – Secured | (c) | 16,246,062 | 15,987,547 |
| – Unsecured | | 5,725 | 3,920 |
| | | <u>16,251,787</u> | <u>15,991,467</u> |

Notes:

(a) Senior notes

The Group have issued the following senior notes which are listed in Singapore Exchange Securities Trading Limited:

| Senior note | Interest rate | Issue date | Maturity date | Outstanding Principal Amounts in Original Currencies | Outstanding balance | |
|-----------------------------|---------------|------------------|------------------|--|---|---|
| | | | | | 30 June 2025 RMB'000 (Unaudited) | 31 December 2024 RMB'000 (Audited) |
| 13% Senior Note due 2023 | 13% | 27 March 2020 | 27 May 2023 | US\$680,000 | 6,453 | 6,159 |
| 11% Senior Note due 2022 | 11% | 6 August 2020 | 6 August 2022 | US\$9,901,000 | 85,801 | 82,212 |
| 9.9% Senior Note due 2024 | 9.9% | 17 November 2020 | 17 February 2024 | US\$251,763,000 | 2,392,963 | 2,312,780 |
| 10.5% Senior Note due 2023 | 10.5% | 6 July 2021 | 5 January 2023 | RMB557,000,000 | 674,859 | 645,605 |
| 8% Senior Note due 2023 | 8% | 25 March 2022 | 23 March 2023 | US\$163,661,144 | 1,409,220 | 1,367,650 |
| 13% Senior Note due 2023 | 13% | 8 April 2022 | 7 April 2023 | US\$135,302,096 | 1,267,211 | 1,208,833 |
| 11% Senior Note due 2023 | 11% | 8 April 2022 | 6 August 2023 | US\$249,173,600 | 2,345,803 | 2,256,255 |
| 11% Senior Note due 2023 II | 11% | 6 August 2022 | 6 August 2023 | US\$29,450,000 | 269,331 | 258,717 |
| Total | | | | | <u>8,451,641</u> | <u>8,138,211</u> |

The interest of these senior notes is payable semi-annually in arrears.

The Group's senior notes as at 30 June 2025 totalling approximately RMB8,451,641,000 (31 December 2024: RMB8,138,211,000) are guaranteed by the Company and secured by the Group's equity interests in certain subsidiaries, and subject to the fulfilment of covenants relating to certain of the Group's financial indicators. The Group regularly monitors its compliance with these covenants.

Default of senior notes

As at 30 June 2025, the Group did not repay a senior note at carrying value and interests of approximately RMB8,451,641,000 (31 December 2024: RMB8,138,211,000) (“**Overdue Senior Note**”) in accordance with the contractual repayment schedules. Pursuant to the terms of the Overdue Senior Note, the Overdue Senior Note would be immediately due and payable upon the written request by note holders holding the requisite percentage in aggregate principal amount of the Overdue Senior Note.

Accordingly, the Group’s senior notes at an aggregate carrying value and interests of approximately RMB8,451,641,000 (31 December 2024: RMB8,138,211,000) have been presented as a current liabilities as at 30 June 2025.

(b) Secured bank borrowings

As at 30 June 2025, the Group’s bank borrowings of approximately RMB4,890,885,000 (31 December 2024: RMB4,914,230,000), were secured by certain properties under development for sale with the carrying amount of approximately RMB15,750,871,000 (31 December 2024: RMB3,840,609,000), property, plant and equipment of approximately RMB345,668,000 (31 December 2024: RMB368,393,000) and investment properties of approximately RMB226,339,000 (31 December 2024: RMB226,339,000). The Group’s bank borrowings of approximately RMB5,469,749,000 (31 December 2024: RMB5,489,607,000) were guaranteed by the Company and secured by the Group’s equity interests in certain subsidiaries.

Bank borrowings bear interest from 1.84% to 24% (31 December 2024: 3.44% to 24.00%) per annum.

The carrying amounts of the Group’s bank borrowings approximate their fair values as the impact of discounting is not significant or the borrowings carry floating rate of interests that are at market rate.

Default of bank borrowings

The Group did not repay certain bank borrowings at an aggregate carrying value of approximately RMB4,272,419,000 (31 December 2024: RMB3,497,084,000) (“**Overdue Borrowings**”) in accordance with the contractual repayment schedules. Pursuant to the terms of the Overdue Borrowings, the Overdue Borrowings would be immediately repayable if requested by the respective lenders.

Other than the Overdue Borrowings, the Group’s bank borrowings at an aggregate carrying value of approximately RMB3,059,034,000 (31 December 2024: RMB3,086,586,000) (“**Cross-default Borrowings**”) contained a cross-default clause in the respective financing agreements, under which Cross-default Borrowings were considered defaulted if any bank and other borrowings of the Group had been defaulted. Pursuant to the terms of the Cross-default Borrowings, the Cross-default Borrowings would be immediately due if requested by the lenders.

(c) Secured bank and other borrowings

As at 30 June 2025, the Group’s bank and other borrowings were secured by certain property, plant and equipment, investment properties and properties under development for sales amounted to approximately RMB345,668,000, RMB226,339,000 and RMB15,750,871,000 (31 December 2024: RMB368,393,000, RMB226,339,000 and RMB3,840,609,000), respectively and were also guaranteed by the Company and secured by the Group’s equity interests in certain subsidiaries and associates.

13. Events after the reporting period

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Company did not have any significant events after the end of the reporting period.

BUSINESS OVERVIEW

In the first half of 2025, the global economy continued to move forward cautiously amid a complex and volatile environment. Geopolitical conflicts emerged one after another, trade protectionism was on the rise, the restructuring of global industrial chains and fluctuations in energy supply intertwined with each other, severely hindering the pace of global economic growth. The uncertainty of economic policies still threatens the stable development of the world economy.

Against this backdrop, China's economy has demonstrated strong resilience. In the first half of the year, gross domestic product ("GDP") reached 66.0536 trillion yuan, an increase of 5.3% year on year, up 0.3% compared with the same period of last year. Consumption, investment, and exports—the "three driving forces"—worked together to propel the economy steadily forward. However, challenges remain in the domestic economy, including overcapacity in certain industries and increasingly cautious investment decisions by market entities.

During the first half of the year, the real estate market focused on stabilizing the market, promoting transformation, and preventing risks. Through a combination of policies aimed at reducing costs, expanding demand, and stabilizing expectations, the market showed signs of bottoming out and steadying. The nationwide sales area of newly built commercial housing was 459 million square meters ("sq.m."), down 3.5% year on year; sales amounted to 4.42 trillion yuan, a decrease of 5.5%. The central and local governments continued to step up support, including lowering down payments and interest rates, optimizing purchase restrictions, and adjusting the standards for ordinary housing. These measures helped unleash demand and stabilize market expectations. By the end of June 2025, the inventory of commercial housing for sale had fallen for four consecutive months, showing initial effects in destocking. However, challenges to market recovery remain. Confidence restoration and industry transformation still need to be advanced, while issues such as policy stability, business model transformation of real estate enterprises, and risk resolution remain to be addressed.

Facing the profound adjustment of the real estate industry and a complex market environment, the Group has continued to prioritize "ensuring project delivery" as its core task and has spent no effort in advancing its implementation. In the first half of 2025, the Group successfully delivered projects in multiple cities including Nantong, Changsha, and Wuxi.

At the same time, the Group actively adapted to changing circumstances, identified market demands, and optimized its product structure. It strengthened cost control and risk prevention, improved efficiency through lean operations, and enhanced resource allocation effectiveness. As a result, operating costs were effectively managed and capital utilization efficiency was significantly improved. As such, a solid foundation was laid for the Group’s long-term development.

PROPERTY DEVELOPMENT AND INVESTMENT PROJECTS

As at 30 June 2025, the Group’s property portfolio comprised 61 property development and investment projects with an aggregate gross floor area (the “GFA”) of 9,784,836 sq.m. under various stages of development remaining unsold in various cities in the PRC. The following table sets forth a summary of the Group’s property development and investment projects by region as at 30 June 2025:

| Region | Site area ⁽¹⁾ (sq. m.) | Total GFA ⁽²⁾ (sq. m.) | Total GFA under various stages of development remaining unsold ⁽³⁾ (sq. m.) |
|------------------|--|--|---|
| Jiangxi Region | 621,995 | 1,754,209 | 1,023,552 |
| Tianjin Region | 710,196 | 1,818,016 | 891,247 |
| Hunan Region | 328,417 | 1,265,179 | 1,051,085 |
| Zhejiang Region | 295,366 | 785,168 | 562,641 |
| Jiangsu Region | 505,990 | 1,253,522 | 887,170 |
| Shandong Region | 1,092,904 | 3,087,820 | 2,048,360 |
| Anhui Region | 332,341 | 863,856 | 475,317 |
| Hubei Region | 100,411 | 112,217 | 81,679 |
| Guangdong Region | 760,357 | 2,534,897 | 2,007,532 |
| Fujian Region | 341,015 | 992,230 | 756,253 |
| Total | | | 9,784,836 |

1. Information for “site area” is based on relevant land use rights certificates, land grant contracts, tender documents, or other relevant agreements (as the case may be).
2. “Total GFA” is based on surveying reports, construction works commencement permits and/or construction works planning permits or the relevant land grant contract and/or public tender, listing-for-sale or auction confirmation letter.
3. “Total GFA under various stages of development remaining unsold” includes the GFA of the completed projects remaining unsold, GFA of projects under development and the GFA of projects for future development.

Financial Review

Revenue

Revenue for the six months ended 30 June 2025 decreased by 73.8% to approximately RMB988.5 million from approximately RMB3,773.5 million for the six months ended 30 June 2024. The decrease in total revenue was attributable to the decrease in the GFA delivered.

The following table sets out a breakdown of the Group’s revenue, GFA delivered and recognised average selling price (“ASP”) by geographical segments for the periods indicated:

| | For the six months ended 30 June | | | | | |
|---|--|------------------|---|----------------|--|---------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | <i>Revenue</i> <i>(RMB'000)</i> <i>(Unaudited)</i> | | <i>GFA Delivered</i> <i>(sq. m.)</i> | | <i>Recognised ASP</i> <i>(RMB per sq. m.)</i> | |
| Greater Western | | | | | | |
| Taiwan Straits | | | | | | |
| Economic Zone | 144,164 | 38,659 | 17,027 | 7,308 | 8,467 | 5,290 |
| Central and Western | | | | | | |
| Regions | 472,109 | 2,703,921 | 45,823 | 234,481 | 10,303 | 11,532 |
| Bohai Economic Rim | 8,097 | 413,816 | 1,624 | 63,214 | 4,986 | 6,546 |
| Greater Bay Area | 127,381 | 372,520 | 13,886 | 37,421 | 9,173 | 9,955 |
| Others | | | | | | |
| – Healthcare service | 695 | 3,266 | — | — | — | — |
| – Property management services and community value-added services | 191,365 | 190,430 | — | — | — | — |
| – Project management services | 107 | 186 | — | — | — | — |
| – Rental income | 5,422 | 14,282 | — | — | — | — |
| – Hotel services | 39,148 | 36,391 | — | — | — | — |
| Total | <u>988,488</u> | <u>3,773,471</u> | <u>78,360</u> | <u>342,424</u> | <u>9,594</u> | <u>10,306</u> |

The decrease in property sales income was attributable to the product mix difference of different projects. Total GFA delivered decreased by 77.1% from 342,424 sq.m. for the six months ended 30 June 2024 to 78,360 sq.m. for the six months ended 30 June 2025. The recognised ASP also decreased from RMB10,306 per sq.m. for the six months ended 30 June 2024 to RMB9,594 per sq.m. for the six months ended 30 June 2025.

Others mainly represent revenue from property management services, value-added services and community value-added services provided by Redco Healthy Living Company Limited (“**Redco Healthy**”), a subsidiary of the Company. The project management services income mainly refers to the income from the provision of management and consultancy services to project companies.

Gross loss

Gross loss decreased by 78.2% to approximately RMB57.1million for the six months ended 30 June 2025 from approximately RMB262.1 million for the six months ended 30 June 2024. Our gross loss margin decreased to 5.8% for the six months ended 30 June 2025 from 6.9% for the six months ended 30 June 2024. The gross loss was mainly attributable to the unfavorable macroeconomic environment and the downturn of the real estate industry in the PRC, leading to low or negative gross profit margin for projects completed and/or delivered. During the six months ended 30 June 2025, the number of delivered projects with low or negative gross profit margins decreased compared to the same period in 2024, resulting in a corresponding reduction in gross loss.

Other income, gains, losses, net

Other net losses surged by 168.9% to RMB125.8 million for the six months ended 30 June 2025, compared to RMB46.8 million for the same period in 2024. This increase was primarily due to exchange losses resulting from the depreciation of the HKD against the USD during the six months ended 30 June 2025.

Selling and marketing expenses

Selling and marketing expenses decreased by 41.3% to approximately RMB55.6 million for the six months ended 30 June 2025 from approximately RMB94.7 million for the six months ended 30 June 2024. Selling and marketing expenses mainly represent expenses incurred in the promotion of the Group’s properties and the sales commission to the sales teams. The decrease was mainly due to the strict control over the marketing expenses by the Group during the six months ended 30 June 2025.

General and administrative expenses

General and administrative expenses decreased by 26.4% to approximately RMB151.5 million for the six months ended 30 June 2025 from approximately RMB205.9 million for the six months ended 30 June 2024. Such decrease was mainly attributable to the strict control over expenses and the optimisation of corporate structure during the six months ended 30 June 2025 for reducing expenses.

Impairment losses on financial assets, net of reversal

The impairment losses on financial assets, net of reversal decreased from approximately RMB13.8 million for the six months ended 30 June 2024 to approximately RMB4.4 million for the six months ended 30 June 2025, which was mainly due to decrease in the impairment of trade and other receivables.

Finance costs

Finance costs increased by 814.3% to approximately RMB311.9 million for the six months ended 30 June 2025 from approximately RMB34.1 million for the six months ended 30 June 2024. Such increase was mainly due to the increase in interest expense which was not eligible to be capitalised to projects under development.

Share of loss of investments accounted for using the equity method, net

Share of loss of investments accounted for using the equity method, net decreased by 81.1% to approximately RMB3.9 million for the six months ended 30 June 2025 from approximately RMB20.9 million for the six months ended 30 June 2024. The losses were mainly attributable to the operating losses of joint ventures and associates during the six months ended 30 June 2025.

Income tax credit / expense

Income tax changed from income tax credit of approximately RMB43.5 million for the six months ended 30 June 2024 to income tax expense of approximately RMB1.3 million for the six months ended 30 June 2025. The turnaround from tax credit to tax expense was mainly attributable to lesser reversal of over-provision of land appreciation tax for the six months ended 30 June 2025.

Loss for the six months ended 30 June 2025

As a result of the foregoing, the Group recorded a loss for the six months ended 30 June 2025 of approximately RMB710.4 million as compared with loss for the six months ended 30 June 2024 of approximately RMB631.1 million. The increase in loss was primarily attributable to a higher exchange loss resulting from the depreciation of the HKD against the USD, and increased finance costs due to higher interest expenses that could not be capitalised for projects under development. These factors were partially offset by a reduction in gross loss, selling and marketing expenses, as well as general and administrative expenses.

Loss for the six months ended 30 June 2025 attributable to owners of the Company

As a result of the foregoing, the Company recorded a loss attributable to owners of the Company of approximately RMB590.0 million for the six months ended 30 June 2025 from a loss attributable to owners of the Company of approximately RMB519.8 million for the six months ended 30 June 2024. The increase in loss attributable to owners of the Company was mainly attributable to the reasons set out under “Loss for the six months ended 30 June 2025” above.

Liquidity and Capital Resources

Cash Position

The Group had cash and cash equivalents of approximately RMB315.6 million (31 December 2024: RMB332.9 million) and restricted cash of approximately RMB274.0 million (31 December 2024: RMB478.5 million) as at 30 June 2025. As at 30 June 2025, the Group’s cash and cash equivalents were mainly denominated in RMB.

Borrowings

As at 30 June 2025, the Group had borrowings of approximately RMB16,251.8 million (31 December 2024: RMB15,991.5 million) which were denominated in RMB, US\$ and HK\$.

| | 30 June 2025 | 31 December 2024 |
|---|-------------------------|-----------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Bank and other borrowings comprise: | | |
| – Senior notes, including accrued interests | 8,451,641 | 8,138,211 |
| – Bank borrowings | 7,800,146 | 7,853,256 |
| | <u>16,251,787</u> | <u>15,991,467</u> |
| The carrying amounts of bank and other borrowings based on scheduled repayment dates set out in the loan agreements | | |
| Within one year or demand | 16,241,337 | 15,681,357 |
| More than one year, but not more than two years | 4,927 | 300,235 |
| More than two years, but not more than five years | 3,682 | 7,405 |
| More than five years | 1,841 | 2,470 |
| | <u>16,251,787</u> | <u>15,991,467</u> |
| The carrying amounts of bank and other borrowings that based on scheduled repayment dates and/or become immediately due and payable due to breach of loan covenants and/or contain a repayment on demand clause which was shown under current liabilities | <u>(16,248,087)</u> | <u>(15,688,767)</u> |
| Amounts shown under non-current liabilities | <u>3,700</u> | <u>302,700</u> |

| | 30 June 2025 | 31 December 2024 |
|--|-------------------------|-----------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Analysed as: | | |
| – Fixed-rates bank and other borrowings | 10,994,885 | 10,698,514 |
| – Variable-rates bank and other borrowings | 5,256,902 | 5,292,953 |
| | <u>16,251,787</u> | <u>15,991,467</u> |
| Analysed as: | | |
| – Secured | 16,246,062 | 15,987,547 |
| – Unsecured | 5,725 | 3,920 |
| | <u>16,251,787</u> | <u>15,991,467</u> |

Other performance indicators

Net debt to equity ratio

As at 30 June 2025, the Group's net debt to equity ratio was -803.2% (31 December 2024: -1,056%). It is calculated as net debt divided by total equity. Net debt is calculated as total borrowing less cash and bank balance (including cash and cash equivalents and restricted cash). Total equity is as shown in the condensed consolidated statement of financial position.

Net current liabilities/assets and current ratio

As at 30 June 2025, the Group's net current liabilities amounted to approximately RMB4,664.5 million (31 December 2024: RMB3,872.8 million). The Group's current ratio, which is calculated as current assets divided by current liabilities, was approximately 0.89 times as at 30 June 2025 (31 December 2024: 0.91 times).

Financial guarantees and contingent liabilities

(a) Guarantees on mortgage facilities

The Group had the following financial guarantees on mortgage facilities as at the dates below:

| | 30 June 2025 | 31 December 2024 |
|---|-------------------------|-----------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties | <u>8,228,477</u> | <u>9,313,630</u> |

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure their obligations of such purchasers for repayment. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificates to the purchasers which will generally occur with the period ranging from six months to three years from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is obliged to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to retain the legal title and to take over the possession of the related properties. The Group's guarantees period starts from the date of grant of mortgage. The Directors consider that the carrying values of the financial guarantees is immaterial.

(b) Corporate guarantees provided by the Group's subsidiaries

As at 30 June 2025 and 2024, there are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings. The directors consider that the subsidiaries are sufficiently financially resourced to settle their obligations.

(c) Corporate guarantees provided by the Group's joint ventures and associates

The Group provided certain joint ventures and associates with guarantees in respect of their borrowings.

As at 30 June 2025, the amount of the guarantees utilised by such borrowings drawn down was approximately RMB1,311,420,000 (31 December 2024: RMB1,322,930,000).

(d) Others

Same as in prior years, as at 30 June 2025, the Company provided a third party with guarantee in respect of its borrowing amounting to US\$75,000,000 (equivalent to approximately RMB536,888,000) (31 December 2024: US\$75,000,000 (equivalent to approximately RMB539,130,000)). The maximum guarantee exposure refers to the total liability that would arise if all borrowers covered by financial guarantee contracts were to default. The Directors have performed assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts and thus, no loss allowance was recognised in the profit or loss during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

The Company provided a guarantee of US\$11.8 million (equivalent to RMB84,465,000) to an independent third party. The Directors have performed assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts and thus, no loss allowance was recognised in the profit or loss during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

Save as disclosed above, the Group and the Company had no other significant financial guarantees and contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

Employees and Remuneration policies

As at 30 June 2025, the Group had 1,984 employees (31 December 2024: 2,266 employees). For the six months ended 30 June 2025, the remuneration of the Group's employees (including Directors' emoluments) amounted to approximately RMB156.9 million. The remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits. The Group's remuneration policy for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. The Group provided on-the-job training, induction courses together with other training programmes for the employees at different positions to raise their professionalism during the six months ended 30 June 2025.

Charge on assets

As at 30 June 2025 and 31 December 2024, the borrowings of the Group were secured by (i) corporate guarantees of the Company; (ii) certain land and properties under development for sale provided by the Group's subsidiaries; (iii) an investment property; and (iv) the Group's equity interests in certain subsidiaries.

The Group's senior notes are guaranteed by certain subsidiaries of the Company which are located in the PRC and secured by shares of certain subsidiaries of the Company which are incorporated outside the PRC.

Capital commitments

Capital commitments and property development commitments

| | 30 June 2025 | 31 December 2024 |
|-------------------------------------|-------------------------|-----------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Contracted but not provided for: | | |
| – Land use right | 894,209 | 894,209 |
| – Property development expenditures | <u>7,463,697</u> | <u>7,341,176</u> |

Significant investments held, material acquisitions and disposals of subsidiaries and associated companies

There were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2025.

Future plans for material investments or capital assets

The Company did not have any plans of significant investments or capital assets as at 30 June 2025.

Important events affecting the Group after 30 June 2025

Since 30 June 2025 and up to the date of this announcement, the downturn in the real estate industry in the PRC has had an impact on the Group's going concern assessment as detailed in the note 2 to the condense consolidated financial statements.

Save as disclosed above, no other important event affecting the Group has taken place since 30 June 2025 and up to the date of this announcement.

FUTURE OUTLOOK

The uncertainty of the global economy will continue to impact China's economy and the real estate industry. Ongoing geopolitical conflicts and recurring trade frictions may slow global economic growth, thereby affecting China's exports and external demand. In response, China is accelerating the cultivation of new quality productive forces and focusing on promoting high-quality development. With the continuous optimization of the economic structure and the deepening of industrial upgrading, the growth of emerging industries is expected to attract more population inflows into cities, which in turn will help release market demand.

Under the continued guidance of policies, the real estate industry is gradually entering a new equilibrium cycle. In the second half of 2025, sales volume is expected to further stabilise. Policy priorities will place greater emphasis on effective implementation to ensure that measures truly benefit market participants and consumers. Strict control over new supply will remain a key theme for the industry. On the demand side, rigid demand and improvement-oriented demand will be the main pillars of the market. On the supply side, there will be a greater focus on improving product quality and service standards, and on optimising product mix to adapt to changing market needs.

In the second half of 2025, the Group will closely align with the core objectives set forth at the Central Economic Work Conference: "continue to promote the stabilization of the real estate market and build a new model of development." The Group will review its strategic positioning, closely monitor policy dynamics and market changes, and conduct in-depth studies on market demand characteristics and development trends. It will optimize its business structure, strictly control operating costs, improve capital utilization efficiency, and optimize capital allocation to ensure the stability and security of its capital chain. Through refined cost control and capital management, the Group will further strengthen risk prevention and enhance its resilience against risks. With firm confidence and unwavering determination, the Group will gather strength amid adversity and move forward with resilience and stability.

CORPORATE GOVERNANCE CODE

The Company has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”) for the six months ended 30 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”). Upon specific enquiries made, all Directors have confirmed that they complied with the Model Code for the six months ended 30 June 2025.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares) for the six months ended 30 June 2025. As at 30 June 2025, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) which comprises three independent non-executive Directors, namely, Mr. Chau On Ta Yuen SBS, BBS, Dr. Tam Kam Kau GBS, SBS, JP and Mr. Yip Tai Him, with Mr. Yip Tai Him being the chairman of the Audit Committee. The Audit Committee reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2025.

PUBLICATION OF THE 2025 INTERIM RESULTS ANNOUNCEMENT AND 2025 INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.redco.cn). The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company and despatched to the Shareholders (if requested) in due course.

By Order of the Board
Redco Properties Group Limited
Wong Yeuk Hung
Chairman

Hong Kong, 28 August 2025

As at the date of this announcement, the executive Directors are Mr. Wong Yeuk Hung JP, Mr. Huang Ruoqing and Mr. Tang Chengyong; the non-executive Director is Ms. Fan Carol; and the independent non-executive Directors are Mr. Chau On Ta Yuen SBS, BBS, Dr. Tam Kam Kau GBS, SBS, JP and Mr. Yip Tai Him.