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## **POWERLONG REAL ESTATE HOLDINGS LIMITED**

### **寶龍地產控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1238)**

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

### **RESULTS HIGHLIGHTS**

#### **For the six months ended 30 June 2025**

- Contracted sales amounted to approximately RMB3,723 million, and contracted sales area amounted to approximately 316,718 square meters;
- Revenue amounted to approximately RMB13,251 million, representing a decrease of approximately 15.3% as compared with the corresponding period in 2024;
- Rental income and income from provision of commercial operational services and residential property management services amounted to approximately RMB2,144 million, representing a decrease of approximately 1.4% as compared with the corresponding period in 2024;
- Gross profit margin increased by approximately 2.4 percentage points to approximately 15.3%.

The board (the “**Board**”) of directors (the “**Directors**”) of Powerlong Real Estate Holdings Limited (the “**Company**” or “**Powerlong**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024, as follows:

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		<b>30 June 2025</b>	31 December 2024
		<b>Unaudited</b>	<b>Audited</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		<b>5,888,089</b>	6,284,630
Investment properties	3	<b>77,875,495</b>	77,269,444
Intangible assets		<b>3,033</b>	4,282
Goodwill		<b>20,640</b>	20,640
Investments accounted for using the equity method		<b>7,474,158</b>	8,565,449
Deferred income tax assets		<b>2,063,736</b>	2,409,599
Financial assets at fair value through other comprehensive income		<b>46,500</b>	47,963
		<b>93,371,651</b>	94,602,007
<b>Current assets</b>			
Properties under development		<b>29,240,065</b>	44,714,925
Completed properties held for sale		<b>21,759,616</b>	15,023,720
Contract assets		<b>122,522</b>	159,738
Trade receivables	4	<b>1,350,525</b>	1,477,684
Other receivables		<b>22,939,085</b>	23,230,120
Prepayments		<b>3,454,590</b>	3,450,176
Prepaid taxes		<b>1,513,229</b>	1,813,757
Financial assets at fair value through profit or loss		<b>7,077</b>	9,373
Restricted cash		<b>1,308,803</b>	1,431,604
Cash and cash equivalents		<b>6,018,122</b>	6,103,770
		<b>87,713,634</b>	97,414,867
<b>Total assets</b>		<b>181,085,285</b>	192,016,874

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		<b>30 June 2025</b>	31 December 2024
		<b>Unaudited</b>	<b>Audited</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>36,779</b>	36,779
Other reserves		<b>1,744,002</b>	2,167,906
Retained earnings		<b>28,179,557</b>	30,831,900
		<b>29,960,338</b>	33,036,585
<b>Non-controlling interests</b>		<b>16,880,823</b>	16,362,094
<b>Total equity</b>		<b>46,841,161</b>	49,398,679
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	5	<b>28,513,554</b>	31,541,550
Lease liabilities		<b>939,260</b>	1,181,343
Deferred income tax liabilities		<b>6,538,785</b>	6,802,609
		<b>35,991,599</b>	39,525,502
<b>Current liabilities</b>			
Borrowings	5	<b>27,597,821</b>	26,179,508
Trade and other payables	6	<b>39,844,275</b>	39,520,893
Contract liabilities		<b>12,804,280</b>	20,024,086
Current income tax liabilities		<b>17,918,829</b>	17,298,802
Lease liabilities		<b>87,320</b>	69,404
		<b>98,252,525</b>	103,092,693
<b>Total liabilities</b>		<b>134,244,124</b>	142,618,195
<b>Total equity and liabilities</b>		<b>181,085,285</b>	192,016,874

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2025	2024
	Notes	Unaudited RMB'000	Unaudited RMB'000
Revenue	2	13,251,243	15,651,245
Cost of sales		<u>(11,226,014)</u>	<u>(13,634,123)</u>
<b>Gross profit</b>		<b>2,025,229</b>	<b>2,017,122</b>
Fair value losses on investment properties – net	3	(1,720,583)	(728,527)
Selling and marketing costs		(266,641)	(316,377)
Administrative expenses		(546,833)	(584,465)
Net impairment losses on financial assets		(173,533)	(61,521)
Other income and losses – net		<u>(185,082)</u>	<u>(161,427)</u>
<b>Operating (loss)/profit</b>		<b>(867,443)</b>	<b>164,805</b>
Finance costs – net	7	(637,573)	(570,938)
Share of losses of investments accounted for using the equity method		<u>(17,950)</u>	<u>(552,972)</u>
<b>Loss before income tax</b>		<b>(1,522,966)</b>	<b>(959,105)</b>
Income tax expense	8	<u>(1,213,265)</u>	<u>(1,087,607)</u>
<b>Loss for the period</b>		<b><u>(2,736,231)</u></b>	<b><u>(2,046,712)</u></b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		1	2,096
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income		<u>(1,097)</u>	<u>(168)</u>
<b>Total other comprehensive (loss)/income for the period, net of tax</b>		<b><u>(1,096)</u></b>	<b><u>1,928</u></b>
<b>Total comprehensive loss for the period</b>		<b><u>(2,737,327)</u></b>	<b><u>(2,044,784)</u></b>

# **INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>Unaudited</b>	<b>Unaudited</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		<b>(2,652,343)</b>	(2,622,869)
Non-controlling interests		<b>(83,888)</b>	576,157
		<b><u>(2,736,231)</u></b>	<b><u>(2,046,712)</u></b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		<b>(2,653,439)</b>	(2,620,941)
Non-controlling interests		<b>(83,888)</b>	576,157
		<b><u>(2,737,327)</u></b>	<b><u>(2,044,784)</u></b>
Loss per share for loss attributable to owners of the Company during the period (expressed in RMB cents per share)	9		
– Basic and diluted		<b><u>(64.1)</u></b>	<b><u>(63.3)</u></b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1 Basis of preparation and accounting policies

The Unaudited Condensed Consolidated Interim Financial Information 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”). The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those set out in the Group’s annual financial statements for the year ended 31 December 2024.

In the current interim period, the Group has adopted, the following amended HKFRSs for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

#### (a) Amended standards adopted by the Group

Amendments to HKAS 21

Lack of Exchangeability

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

#### (b) New and amendments standards and interpretations issued that are not yet effective, but may be adopted early

The following new standards and amendments and interpretation to standards have been published that are not mandatory for the year beginning on 1 January 2025 and have not been early adopted by the Group:

Amendment to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments) <sup>1</sup>
Amendment to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>1</sup>
Amendment to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity (amendments) <sup>1</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard) <sup>2</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard) <sup>2</sup>
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments) <sup>2</sup>
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments) <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of assessing the potential impact of the new and amendments to HKFRSs but are not yet in a position to determine whether the new and amendments to HKFRSs will have a material impact on the Group's performance and financial position and on the disclosures. The new and amendments to HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the future.

### **Going concern basis**

For the six months ended 30 June 2025, the Group incurred a loss attributable to owners of the Company of approximately RMB2,652 million. As at 30 June 2025, the Group had borrowings in total of approximately RMB56,111 million, out of which approximately RMB27,598 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,327 million. As at 30 June 2025, the Group had certain indebtedness, including senior notes, corporate bonds and bank and other borrowings, with an aggregate carrying amount of approximately RMB22,843 million that were defaulted or cross defaulted. A liquidation application has been filed in a British Virgin Islands court against Powerlong Real Estate (BVI) Holdings Limited, a wholly owned subsidiary of the Company on 7 March 2025, and the date of hearing of the liquidation application has been further adjourned to 17 November 2025 (or the next available date before 4 December 2025).

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

- The Group has appointed financial adviser for its offshore debt restructuring. The Group is working with the Group's creditors to proactively explore all feasible options to pursue a holistic solution to the current liquidity issues, with an aim to formulate, in a more responsible way, a holistic debt solution that is possible to execute and implement, resolve debt risks and promote the steady operation of the Group. The Group is engaged in discussions with the existing lenders actively on the renewal of the Group's certain borrowings. 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 active discussions with existing lenders;
- 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;
- The Group will continue to seek for suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make them relatively more attractive to potential buyers and retain a higher value in current market conditions; and
- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

The Directors, taking into account the above plans and measures, are of the opinion that it is appropriate to prepare the consolidated financial statements for the six months ended 30 June 2025 on a going concern basis.

## 2 Segment information

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

Segment results represent the performance for each segment without fair value gains on financial assets measured at fair value through profit or loss, unallocated operating costs, finance costs – net and income tax expense.

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

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Group RMB'000
<b>Six months ended 30 June 2025 (Unaudited)</b>					
Gross segment revenue	10,692,784	1,068,655	1,300,938	415,629	13,478,006
Inter-segment revenue	–	(114,403)	(111,149)	(1,211)	(226,763)
Revenue from external customers	<u>10,692,784</u>	<u>954,252</u>	<u>1,189,789</u>	<u>414,418</u>	<u>13,251,243</u>
Segment results	(50,892)	(840,705)	313,733	(49,949)	(627,813)
Fair value gains on financial assets at fair value through profit or loss					4
Unallocated operating cost					(257,584)
Finance costs – net ( <i>Note 7</i> )					<u>(637,573)</u>
Loss before income tax					(1,522,966)
Income tax expense ( <i>Note 8</i> )					<u>(1,213,265)</u>
Loss for the period					<u>(2,736,231)</u>
Depreciation and amortisation recognised as expenses	18,713	–	5,011	133,899	157,623
Fair value losses on investment properties ( <i>Note 3</i> )	–	(1,669,762)	(50,821)	–	(1,720,583)
Impairment losses on properties under development and completed properties held for sale – net	2,510,217	–	–	–	2,510,217
Share of post-tax profits/(losses) of joint ventures	3,055	–	(172)	–	2,883
Share of post-tax profits/(losses) of associates	<u>(21,206)</u>	<u>–</u>	<u>–</u>	<u>373</u>	<u>(20,833)</u>



The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2024 are as follows:

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Commercial operation and residential property management <i>RMB'000</i>	Other property development related businesses <i>RMB'000</i>	Group <i>RMB'000</i>
<b>Six months ended 30 June 2024 (Unaudited)</b>					
Gross segment revenue	13,027,028	1,082,941	1,332,942	450,801	15,893,712
Inter-segment revenue	<u>–</u>	<u>(109,750)</u>	<u>(130,546)</u>	<u>(2,171)</u>	<u>(242,467)</u>
Revenue from external customers	<u>13,027,028</u>	<u>973,191</u>	<u>1,202,396</u>	<u>448,630</u>	<u>15,651,245</u>
Segment results	(306,910)	224,164	140,030	(132,297)	(75,013)
Fair value gains on financial assets at fair value through profit or loss					649
Unallocated operating costs					(313,803)
Finance costs – net ( <i>Note 7</i> )					<u>(570,938)</u>
Loss before income tax					(959,105)
Income tax expense ( <i>Note 8</i> )					<u>(1,087,607)</u>
Loss for the period					<u>(2,046,712)</u>
Depreciation and amortisation recognised as expenses	21,855	–	3,909	131,353	157,117
Fair value losses on investment properties ( <i>Note 3</i> )	–	(675,617)	(52,910)	–	(728,527)
Impairment losses on properties under development and completed properties held for sale – net	2,069,322	–	–	–	2,069,322
Share of post-tax losses of joint ventures	(269,289)	–	(1,336)	–	(270,625)
Share of post-tax losses of associates	<u>(282,136)</u>	<u>–</u>	<u>–</u>	<u>(211)</u>	<u>(282,347)</u>

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

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Commercial operation and residential property management <i>RMB'000</i>	Other property development related businesses <i>RMB'000</i>	Elimination <i>RMB'000</i>	Group <i>RMB'000</i>
<b>At 30 June 2025 (Unaudited)</b>						
Segment assets	81,538,554	76,024,041	6,044,954	11,538,135	(6,911,050)	168,234,634
Other assets						<u>12,850,651</u>
Total assets						<u>181,085,285</u>
Segment assets include:						
Interests in joint ventures	4,511,517	–	634	–	–	4,512,151
Interests in associates	2,925,414	–	–	36,593	–	2,962,007
Segment liabilities	39,363,902	2,836,186	2,603,308	5,254,864	(6,911,050)	43,147,210
Other liabilities						<u>91,096,914</u>
Total liabilities						<u>134,244,124</u>
Capital expenditure (six months ended 30 June 2025) (unaudited)	<u>544</u>	<u>2,503,053</u>	<u>3,159</u>	<u>177,024</u>	<u>–</u>	<u>2,683,780</u>

Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2024 and capital expenditure for the six months ended 30 June 2024 are as follows:

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Commercial operation and residential property management <i>RMB'000</i>	Other property development related businesses <i>RMB'000</i>	Elimination <i>RMB'000</i>	Group <i>RMB'000</i>
<b>At 31 December 2024 (Audited)</b>						
Segment assets	92,882,080	75,290,007	5,982,795	11,140,498	(7,105,163)	178,190,217
Other assets						<u>13,826,657</u>
Total assets						<u>192,016,874</u>
Segment assets include:						
Interests in joint ventures	4,489,869	–	807	–	–	4,490,676
Interests in associates	4,038,553	–	–	36,220	–	4,074,773
Segment liabilities	46,338,948	2,491,915	2,581,534	5,772,116	(7,105,163)	50,079,350
Other liabilities						<u>92,538,845</u>
Total liabilities						<u>142,618,195</u>
Capital expenditure (six months ended 30 June 2024) (unaudited)	<u>122,562</u>	<u>2,574,628</u>	<u>8,479</u>	<u>146,505</u>	<u>–</u>	<u>2,852,174</u>

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

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

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

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

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment and investment properties.

### 3 Investment properties

	Completed investment properties <i>RMB'000</i>	Investment properties under construction <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Six months ended 30 June 2025 (Unaudited)</b>			
Opening amount as at 1 January 2025	66,358,759	10,910,685	77,269,444
Additions	–	2,503,053	2,503,053
Transfers	666,317	(666,317)	–
Fair value losses – net	(1,483,329)	(237,254)	(1,720,583)
Disposals	(169,825)	(6,594)	(176,419)
Closing amount as at 30 June 2025	<u>65,371,922</u>	<u>12,503,573</u>	<u>77,875,495</u>
<b>Six months ended 30 June 2024 (Unaudited)</b>			
Opening amount as at 1 January 2024	67,614,472	11,332,367	78,946,839
Additions	–	2,574,628	2,574,628
Transfers	1,477,126	(1,477,126)	–
Fair value (losses)/gains – net	(777,157)	48,630	(728,527)
Disposals	(734)	–	(734)
Closing amount as at 30 June 2024	<u>68,313,707</u>	<u>12,478,499</u>	<u>80,792,206</u>

#### 4 Trade receivables

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade receivables ( <i>Note (a)</i> )	1,870,208	1,952,254
– Third parties	1,802,566	1,886,774
– Related parties	67,642	65,480
Less: loss allowance ( <i>Note (b)</i> )	(519,683)	(474,570)
	<u>1,350,525</u>	<u>1,477,684</u>

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

As at 30 June 2025 and 31 December 2024, the ageing analysis of trade receivables of the Group based on revenue recognition date was as follows:

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within one year	988,898	1,258,379
Over one year	881,310	693,875
	<u>1,870,208</u>	<u>1,952,254</u>

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2025, a provision of RMB519,683,000 was made against the gross amounts of trade receivables (31 December 2024: RMB474,570,000).

## 5 Borrowings

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
<b>Borrowings included in non-current liabilities:</b>		
Senior notes	15,575,905	15,638,997
Corporate bonds	6,304,552	6,298,743
Commercial mortgage backed securities	2,115,367	2,123,840
Assets-backed securities	206,807	206,749
Bank borrowings	29,649,780	31,005,152
– secured	29,561,138	30,915,141
– unsecured	88,642	90,011
Other borrowings – secured	2,244,664	2,392,417
Less: amounts due within one year	(27,583,521)	(26,124,348)
	<u>28,513,554</u>	<u>31,541,550</u>
<b>Borrowings included in current liabilities:</b>		
Other borrowings – secured	14,300	55,160
Add: current portion of long-term borrowings	27,583,521	26,124,348
	<u>27,597,821</u>	<u>26,179,508</u>
<b>Total borrowings</b>	<u><b>56,111,375</b></u>	<u><b>57,721,058</b></u>

## 6 Trade and other payables

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Trade payables ( <i>Note (a)</i> )	12,677,056	11,599,907
– Related parties	23,545	23,704
– Third parties	12,498,099	11,414,899
– Notes payable – third parties	155,412	161,304
Other payables and accruals	20,778,831	22,228,862
– Related parties	8,094,239	8,897,216
– Non-controlling interests	3,760,133	3,826,267
– Third parties	8,924,459	9,505,379
Value-added tax received in advance from customers	1,151,417	1,692,865
Payables for retention fee	794,114	810,978
Interest payable	2,986,566	1,950,039
Other taxes payable	1,432,774	1,214,725
Payables for acquisition of land use rights	23,517	23,517
	<b>39,844,275</b>	<b>39,520,893</b>

- (a) As at 30 June 2025 and 31 December 2024, the ageing analysis of trade payables of the Group based on invoice date was as follows:

	30 June 2025 Unaudited RMB'000	31 December 2024 Audited RMB'000
Within one year	10,085,811	10,955,816
Over one year	2,591,245	644,091
	<b>12,677,056</b>	<b>11,599,907</b>

**7 Finance costs – net**

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>Unaudited RMB'000</b>	<b>Unaudited RMB'000</b>
Interest expense:		
– Borrowings	1,721,249	1,929,942
– Lease liabilities	29,455	86,748
	<u>1,750,704</u>	<u>2,016,690</u>
Less: finance costs capitalized	(901,174)	(1,552,672)
Foreign exchange losses on financing activities – net	(186,104)	149,017
	<u>663,426</u>	<u>613,035</u>
Finance costs		
Interest income of bank deposits	(25,853)	(42,097)
Finance costs – net	<u>637,573</u>	<u>570,938</u>

**8 Income tax expense**

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>Unaudited RMB'000</b>	<b>Unaudited RMB'000</b>
Current income tax:		
– PRC corporate income tax	581,117	761,787
– PRC land appreciation tax	549,744	723,973
	<u>1,130,861</u>	<u>1,485,760</u>
Deferred income tax:		
– PRC corporate income tax	83,112	(320,976)
– PRC land appreciation tax	(708)	(77,177)
	<u>82,404</u>	<u>(398,153)</u>
	<u>1,213,265</u>	<u>1,087,607</u>

### **PRC corporate income tax**

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

### **PRC withholding income tax**

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

### **PRC land appreciation tax (“LAT”)**

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

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

### **Overseas income tax**

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

### **Hong Kong profits tax**

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



## 9 Loss per share

### (a) Basic

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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Loss attributable to shareholders of the Company (RMB'000)	<u>(2,652,343)</u>	<u>(2,622,869)</u>
Weighted average number of ordinary shares in issue (thousand shares)	<u>4,140,403</u>	<u>4,140,403</u>
Basic loss per share (RMB cents per share)	<u><b>(64.1)</b></u>	<u><b>(63.3)</b></u>

### (b) Diluted

Since there was no dilutive potential ordinary shares during the six months ended 30 June 2025, diluted loss per share is equal to basic loss per share (30 June 2024: same).

## 10 Dividends

No interim dividend in respect of the six months ended 30 June 2025 was proposed by the Board (six months ended 30 June 2024: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MARKET REVIEW**

Since the beginning of this year, in the face of the complex and volatile international environment, the economic operation of the People's Republic of China (“**China**” or “**PRC**”) was generally stable while improving. The high-quality economic development has shown a new and positive trend, demonstrating a strong resilience and endogenous momentum. In the real estate sector, the market was undergoing a stage of intense adjustments. Under the general policy keynote of stabilizing the property market and putting more efforts to reverse the downturn and stabilize the real estate market, local policies have been continuously optimized and upgraded. By integrating with urban renewal initiatives to advance the transformation of urban villages and dilapidated houses, upgraders' needs have been released through multiple channels. Demand-side easing policies were primarily about gradually lifting restrictions on purchases, loans and sales, reducing down payments, lowering home loan interest rates, lowering transaction taxes, cancelling the standards of ordinary housing, cancelling the restrictions of residency in various regions, constantly optimizing absorption of talents, comprehensively optimizing the support for home purchases with provident fund, provision of subsidies for home purchases or housing vouchers and so forth, thereby effectively lowering the barriers and costs of home purchases and fostering the release of demand for home purchases. On enterprises' side, the main theme of policies was still to guard against and resolve risks facing real estate enterprises, to expand the real estate financing coordination mechanism to enhance efficiency, to focus on ensuring timely delivery of products, to increase the loan placement rate and disbursement timeliness for the “white-list” projects, to promote precise support with financial resources for the reasonable financing needs of real estate projects, and to reduce the liquidity pressure of real estate enterprises. By adequately assessing the situation, real estate enterprises focused on “ensuring timely delivery of products and stabilizing operations”, discharging corporate responsibilities and contributing to reversing the downturn and stabilizing the real estate market.

### **BUSINESS REVIEW**

For the six months ended 30 June 2025, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operational and residential property management; and (iv) other property development related businesses. During the period under review, property development remained as the main revenue stream of the Group.

#### **Property Development**

As a result of the continuous impact of the severe operating environment in the real estate industry, for the six months ended 30 June 2025, the contracted sales of the Group together with its associates and joint ventures amounted to approximately RMB3,723 million (for the six months ended 30 June 2024: RMB7,332 million). For the six months ended 30 June 2025, the contracted sales area of the Group together with its associates and joint ventures amounted to approximately 316,718 square meters (for the six months ended 30 June 2024: 690,941 square meters).

Set forth below is the distribution of contracted sales of the Group for the six months ended 30 June 2025:

<b>Distribution</b>	<b>For the six months ended 30 June 2025</b>		
	<b>Sales area</b> <i>sq.m.</i>	<b>Sales amount</b> <i>RMB'000</i>	<b>Average selling price</b> <i>RMB/sq.m.</i>
Commercial	50,949	633,028	12,425
Residential	265,769	3,089,672	11,625
Total	316,718	3,722,700	11,754

### **Property Investment and Commercial Operational and Residential Property Management**

To generate a stable and recurring income, the Group also retained and operated certain commercial properties for leasing. As at 30 June 2025, the Group had an aggregate gross floor area (“GFA”) of approximately 8,572,714 square meters (as at 31 December 2024: approximately 8,312,181 square meters) held as investment properties (including completed properties and properties under construction), representing an increase of approximately 3.1% as compared with that as at 31 December 2024.

During the six months ended 30 June 2025, the Group (together with its associates and joint ventures) completed and commenced operation of one new shopping mall, with the successful opening of Wuyishan Powerlong Plaza on 30 May 2025. As at 30 June 2025, the Group held and managed 63 shopping malls and managed 9 asset-light shopping malls, with the number of shopping malls in operation held and the floor area in operation and management both being amongst the forefront of the industry.

## **Hotel Business**

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

As at 30 June 2025, the Group owned seven international brand hotels, namely Le Meridien Shanghai Minhang (上海閔行寶龍艾美酒店), Radisson Blu Shanghai Pudong Jinqiao (上海寶龍麗笙酒店), Radisson Exhibition Center Shanghai (上海國展寶龍麗筠酒店), Hotel W Xiamen (廈門W酒店), Four Points by Sheraton Taicang Suzhou (蘇州太倉寶龍福朋喜來登酒店), Four Points by Sheraton Chengyang Qingdao (青島城陽寶龍福朋喜來登酒店) and Wyndham Grand Plaza Royale Powerlong Fuyang (阜陽寶龍溫德姆至尊豪廷大酒店), and also owned and operated ten self-owned brand chain hotels, namely ARTELS Anxi Quanzhou (泉州安溪寶龍藝築酒店), ARTELS+ Fuyang Hangzhou (杭州富陽藝悅酒店), ARTELS+ Collection Lingang Shanghai (上海臨港藝悅精選酒店), ARTELS+ Collection Hechuan Chongqing (重慶合川藝悅精選酒店), ARTELS+ Wujing Shanghai (上海吳涇藝悅酒店), ARTELS+ Xinxiang (新鄉藝悅酒店), JUNTELS Binjiang Hangzhou (杭州濱江藝珺酒店), ARTELS+ Collection Yancheng (鹽城寶龍藝悅精選酒店), JUNTELS Tai'an (泰安寶龍藝珺酒店) and JUNTELS Pan'an Jinhua (金華磐安寶龍藝珺酒店).

## **Land Bank**

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

As at 30 June 2025, the Group had a quality land bank amounting to a total GFA of approximately 13.87 million square meters, of which approximately 11.63 million square meters were properties under development and construction and approximately 2.24 million square meters were properties held for future development. The land bank under development will be used for the development of large-scale commercial and residential properties with quality residential properties, serviced apartments, office buildings and hotels. As at 30 June 2025, approximately 57% of the Group's land bank was located in the Yangtze River Delta region.

## OUTLOOK

It is envisaged that in the second half of 2025, the real estate sector will adopt forceful measures surrounding “stabilizing expectations, activating demand, optimizing supply, and resolving risks” to consolidate the momentum of reversing the downturn and stabilizing the real estate market. Restrictive measures will be adjusted in the future based on city-specific policies, efforts will be stepped up to implement urban renewal action, and the transformation of urban villages and dilapidated houses will be steadily promoted, so as to fully release the potential of rigid and upgraders’ housing needs by transforming inventories to activate incremental needs. Adhering to the principle of integration of optimizing incremental housing and revitalizing inventory housing, it is expected that there will be intensified efforts to increase the supply of high-quality housing, improvement and implementation of special bonds to support the acquisition of inventory housing, which will solidify the defensive lines against market risks. By establishing relevant fundamental systems in an orderly manner, it will firmly and vigorously promote the construction of safe, comfortable, green and intelligent “good houses” and optimize and improve the housing supply system, so as to formulate a new model of real estate development. In a new stage where the real estate industry is gradually establishing stable, healthy and high-quality development, the real estate enterprises will continue to adhere to “ensuring timely delivery of products and stabilizing operation”, continue to strengthen refined management and control, and make efforts to uplift product strengths and service capability, actively explore new models of development that match their own strengths, and strive to achieve ongoing sound operations and high-quality development.

Faced with the challenges and opportunities presented by intense adjustments in the real estate industry in China, the Group will gather devotions, strengths and perseverance under the development theme of “revitalize to enhance efficiency and stabilize to explore and innovate” (盤活增效，穩進拓新) proposed in mid-2025, with a focus on the key tasks of “revitalize, enhance efficiency, and explore and innovate” (盤活、增效、拓新) for the second half of 2025. In other words, the Group will continue to promote project revitalization and breakthroughs and actively respond to the market to achieve sales targets, and strive for debt alleviation to create space for corporate development; focus on building an elite team and continue to cultivate core assets to activate inefficient areas and focus on quality; actively introduce resources to promote spatial value enhancement, explore brand collaboration and joint development strategies, and explore new development opportunities with the guidance of innovating with ambition and establishing roots overseas. In the adversity of a difficult macro-environment, the Group will always adhere to stable operations, stick to the bottom-line of “ensuring delivery”, remain committed to being a responsible enterprise, uphold the principles of quality and accountability, continue to enhance its refined management, reduce costs and enhance efficiency in a scientific manner, so as to win the market with better products and services. The confidence of all staff members, and their cohesion, endurance, and unwavering efforts to tackling difficulties with a strong sense of responsibility and a spirit of perseverance, will continuously drive the sound development of the enterprise and the virtuous cycle of the industry.

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

The Group will continue to integrate and consolidate its advantageous resources and strive to implement its plan of high-quality opening within the year. Powerlong Commercial Management Holdings Limited, a subsidiary of the Group, will take the “Three Major Projects” as its strategic direction for in-depth operations, with the objective of “Quality Enhancement and Delicate Service”. With “operational capability-tenant sourcing capability-product capability” as the core, the three capabilities will support each other and work in synergy to jointly build the core competitiveness in the commercial operation field. Surrounding precise positioning, it will comprehensively enhance the brand attractiveness and market influence of the projects and fully exploit the projects and revenue value of each business end. It will construct a tenant sourcing management system, categorize projects for occupancy rate control, improve teamwork and synergy mechanisms, and strategically build a diversified and complex brand matrix, so as to enhance the value of commercial entities and strengthen the effectiveness of tenant sourcing management in an all-round way. Taking talents as the core resources, it will construct the core value of “cultural identity” and focus on building a “highly competent, strong reserve, youthful and sustainable” top-ranking team, so as to develop a strong talent base for the enterprise and create a commercial space that can breathe, with warmth and provide emotional value.

In active response to liquidity pressure, the Group will continue to adopt a series of liquidity management measures, expedite collection of sales proceeds and other receivables, extend the debt maturity of certain borrowings, continually optimize financing structure, lower financing costs, seek to revitalize stock assets, strengthen asset management, uplift occupancy rate and rental rate, streamline organizational structure to enhance efficiency, control operating expenses and administrative costs, continue to stabilize its operations, ensure the timely delivery of property development projects, and secure cash resources for the sustainable development of the Group. The Company, its financial advisor China International Capital Corporation Hong Kong Securities Limited and its legal advisor Sidley Austin will work with the Company’s creditors and their advisers to proactively explore all feasible options to pursue a holistic solution to the current liquidity issues, with an aim to formulate, in a more responsible way, a holistic debt solution that is possible to execute and implement, resolve debt risks and promote the steady operation of the Company.

The Group will proactively promote the parallel development of both its talents and the enterprise, and advocate employees’ pragmatism and revamped rediscovering of themselves. The Group will assist employees for the betterment of their self-worth by mobilizing individuals’ potentials; enhance overall working efficiency by optimization and re-engineering process; and build an elite team by implementing multi-dimensional incentive mechanisms. The Group will continue to uphold a human resources strategy of “unlocking potential and pooling of talent” and establish a broad platform and create opportunities for the career growth of its staff, with a view to realizing mutual growth and benefits among the enterprise and its talents.

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

## FINANCIAL REVIEW

### Revenue

Revenue of the Group mainly comprises income from property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the six months ended 30 June 2025, the Group recorded a total revenue of approximately RMB13,251 million (for the six months ended 30 June 2024: approximately RMB15,651 million), representing a decrease of approximately 15.3% as compared with the corresponding period in 2024. This was mainly attributable to the decrease in revenue from property sales.

#### *Revenue from Property Sales*

During the six months ended 30 June 2025, the Group strictly complied with its original completion and delivery schedule for the delivery of the corresponding projects. Revenue from projects sold and delivered for the six months ended 30 June 2025 amounted to approximately RMB10,693 million (for the six months ended 30 June 2024: approximately RMB13,027 million), representing a decrease of approximately 17.9% as compared with the corresponding period in 2024. This was mainly attributable to the decrease in the delivery of residential properties.

Set forth below are the details regarding the properties sold and delivered during the six months ended 30 June 2025:

		<b>For the six months ended 30 June 2025</b>		
		<b>GFA sold &amp; delivered (sq.m.)</b>	<b>Amount sold &amp; delivered (RMB million)</b>	<b>Average selling price (RMB/sq.m.)</b>
Yangtze River Delta	Commercial	135,813	1,167	8,593
	Residential	214,782	2,886	13,437
Hainan	Commercial	1,995	31	15,539
	Residential	104,373	1,332	12,762
Greater Bay Area	Commercial	1,343	14	10,424
	Residential	23,745	404	17,014
Others	Commercial	89,013	656	7,370
	Residential	239,362	4,203	17,559
Total		810,426	10,693	13,194
Commercial		228,164	1,868	8,187
Residential		582,262	8,825	15,156



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

For the six months ended 30 June 2025, the Group recorded rental income after elimination of intra-group transactions from investment properties amounting to approximately RMB954 million (for the six months ended 30 June 2024: approximately RMB973 million), representing a decrease of approximately 2.0% as compared with the corresponding period in 2024.

For the six months ended 30 June 2025, income from provision of commercial operational services and residential property management services was mainly derived from projects developed by the Group and other third parties. The net income after elimination of intra-group transactions amounted to approximately RMB1,190 million (for the six months ended 30 June 2024: approximately RMB1,202 million), representing a decrease of approximately 1.0% as compared with the corresponding period in 2024.

For the six months ended 30 June 2025, the Group recorded rental income from investment properties and income from provision of commercial operational services and residential property management services amounting to approximately RMB2,144 million (for the six months ended 30 June 2024: approximately RMB2,175 million), representing a decrease of approximately 1.4% as compared with the corresponding period in 2024.

*Income from Other Property Development Related Businesses*

Income from other property development related businesses mainly comprises income from hotel operation and the provision of consultation services. For the six months ended 30 June 2025, the Group recorded income from other property development related businesses amounting to approximately RMB414 million (for the six months ended 30 June 2024: approximately RMB449 million), representing a decrease of approximately 7.8% as compared with the corresponding period in 2024, mainly attributable to the decline in demand for hotels caused by economic downturn and consumption downgrade.

**Cost of Sales**

Cost of sales mainly represents the direct cost related to the property development of the Group. It comprises cost of land use rights, construction costs, decoration costs and other costs. For the six months ended 30 June 2025, cost of sales amounted to approximately RMB11,226 million (for the six months ended 30 June 2024: approximately RMB13,634 million), representing a decrease of approximately 17.7% as compared with the corresponding period in 2024, which was mainly due to the decrease in the GFA of properties sold and delivered.



## **Gross Profit and Gross Profit Margin**

For the six months ended 30 June 2025, gross profit amounted to approximately RMB2,025 million (for the six months ended 30 June 2024: approximately RMB2,017 million), representing an increase of approximately 0.4% as compared with the corresponding period in 2024. Gross profit margin increased by 2.4 percentage points from 12.9% for the six months ended 30 June 2024 to 15.3% for the six months ended 30 June 2025. These changes were mainly attributable to the increase in the proportion of revenue from high-margin residential properties and commercial properties.

## **Fair Value Losses on Investment Properties**

For the six months ended 30 June 2025, the Group recorded fair value losses of approximately RMB1,721 million (for the six months ended 30 June 2024: fair value losses of approximately RMB729 million). The fair value losses increased by approximately RMB992 million as compared with the corresponding period in 2024, mainly due to the continued downward trend of the real estate market and insufficient socio-economic domestic demand, leading to the decrease in demand for shopping malls leasing.

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

For the six months ended 30 June 2025, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB813 million (for the six months ended 30 June 2024: approximately RMB901 million), representing a decrease of approximately 9.8% as compared with the corresponding period in 2024, which was mainly attributable to the decrease in the scale of projects sales and management. The Group will continue to exercise stringent control over expenses and costs whilst at the same time strive to continue the Group's business expansion.

## **Share of Losses of Investments Accounted for Using the Equity Method**

For the six months ended 30 June 2025, the Group recorded share of post-tax losses of investments accounted for using the equity method of approximately RMB18 million (for the six months ended 30 June 2024: approximately RMB553 million). The share of losses of investments accounted for using the equity method decreased by approximately RMB535 million as compared with the corresponding period in 2024, mainly due to the decrease in net losses from joint ventures and associates.

## **Income Tax Expense**

Income tax expense of the Group amounted to approximately RMB1,213 million for the six months ended 30 June 2025 (for the six months ended 30 June 2024: approximately RMB1,088 million), representing an increase of approximately 11.6% as compared with the corresponding period in 2024, primarily due to the write-down of deferred income tax assets based on the principle of prudence as a result of the severe operating environment in the real estate industry.

## **Loss Attributable to Owners of the Company**

For the six months ended 30 June 2025, the loss attributable to owners of the Company amounted to approximately RMB2,652 million (for the six months ended 30 June 2024: loss attributable to owners of the Company of approximately RMB2,623 million).

For the six months ended 30 June 2025, basic loss per share was approximately RMB64.1 cents (for the six months ended 30 June 2024: basic loss per share of approximately RMB63.3 cents).

Core losses (being the profit/(losses) excluding the fair value gains/(losses) on investment properties, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the period under review)<sup>(Note)</sup> for the six months ended 30 June 2025 reached approximately RMB1,632 million (for the six months ended 30 June 2024: core losses of approximately RMB1,351 million).

Core losses attributable to owners of the Company (being the profit/(losses) excluding the attributable fair value gains/(losses) on investment properties, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the period under review)<sup>(Note)</sup> for the six months ended 30 June 2025 reached approximately RMB1,760 million (for the six months ended 30 June 2024: core losses attributable to owners of the Company of approximately RMB1,937 million).

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

### **Cash Position**

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

The Group's cash and cash equivalents and restricted cash amounted to approximately RMB7,327 million in total as at 30 June 2025 (as at 31 December 2024: approximately RMB7,535 million), representing a decrease of approximately 2.8% as compared with that as at 31 December 2024.

## **Borrowings**

Total borrowings of the Group as at 30 June 2025 was approximately RMB56,111 million (as at 31 December 2024: approximately RMB57,721 million), representing a decrease of approximately 2.8% as compared with that as at 31 December 2024. The Group's borrowings comprise bank and other borrowings of approximately RMB31,908 million, corporate bonds of approximately RMB6,305 million, commercial mortgage backed securities (the "CMBS") of approximately RMB2,115 million, assets-backed securities (the "ABS") of approximately RMB207 million and senior notes of approximately RMB15,576 million.

Out of the total borrowings, approximately RMB27,597 million was repayable within one year, while approximately RMB28,514 million was repayable after one year.

## **Net Gearing Ratio**

As at 30 June 2025, the Group had a net gearing ratio (which is total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 104.1% (as at 31 December 2024: approximately 101.6%).

## **Borrowing Costs**

Total interest expenses for the six months ended 30 June 2025 amounted to approximately RMB1,751 million (for the six months ended 30 June 2024: approximately RMB2,017 million), representing a decrease of approximately 13.2% as compared with the corresponding period in 2024. The decrease was mainly due to the decrease in total borrowings of the Group as compared with the corresponding period in 2024. The effective interest rate decreased from 5.85% for the six months ended 30 June 2024 to 5.30% for the six months ended 30 June 2025, due to the Group's tightened control over finance costs. The Group will continue to enhance its stringent control over finance costs.

## **Credit Policy**

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

## **Pledge of Assets**

As at 30 June 2025, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of approximately RMB60,042 million (as at 31 December 2024: RMB60,665 million) to secure borrowings of the Group. The total secured bank and other borrowings and CMBS as at 30 June 2025 amounted to approximately RMB33,935 million (as at 31 December 2024: approximately RMB35,487 million). The ABS of RMB207 million (as at 31 December 2024: RMB207 million) were secured by the trade receivables of the Group. The senior notes issued by the Company were guaranteed and secured by share pledges of certain non-PRC subsidiaries and non-PRC joint ventures of the Group.

## Contingent Liabilities

As at 30 June 2025, save as disclosed in this announcement, the Group had no significant contingent liabilities.

## Financial Guarantees

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

	<b>30 June 2025 Unaudited RMB'000</b>	<b>31 December 2024 Audited RMB'000</b>
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	<b>13,409,131</b>	16,166,946
Guarantees for borrowings of joint ventures and associates	<b>717,760</b>	764,050
	<b>14,126,891</b>	16,930,996

## Commitments

### (1) Commitments for property development expenditures

	<b>30 June 2025 Unaudited RMB'000</b>	<b>31 December 2024 Audited RMB'000</b>
Contracted but not provided for – Property development activities	<b>6,873,819</b>	7,046,342
	<b>6,873,819</b>	7,046,342

### (2) Lease commitments

As at 30 June 2025 and 31 December 2024, the Group did not have any material short-term lease commitment.

## Foreign Currency Risk

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. As at 30 June 2025, the Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollar, Hong Kong dollar or Macau Pataca, in the total amount of approximately RMB25,017 million. Fluctuation of the exchange rate of RMB against United States dollar, Hong Kong dollar or Macau Pataca could affect the Group's results of operations. Further, any depreciation of RMB would adversely affect the value of any dividends the Group pays to the shareholders of the Company (the "**Shareholders**") outside of the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

## SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2025.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group had not authorized any plans for any other material investments or additions of capital assets as at 30 June 2025.

## EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2025, the Group employed a total of 7,852 full-time employees (as at 31 December 2024: 8,152 employees). The total staff costs of the Group incurred were approximately RMB915 million for the six months ended 30 June 2025. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the pay level in the industry. In relation to staff training, the Group also provides different types of training programs for its staff to improve their skills and develop their respective expertise.

## INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2025.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the code for dealing in securities of the Company by the Directors. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. Specific enquiry has been made by the Company to all the Directors who have confirmed compliance with the required standard set out in the Model Code for the six months ended 30 June 2025. No incident of non-compliance was noted by the Company throughout 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 purchased, sold or redeemed any of the listed securities (including sale of treasury shares) of the Company during the six months ended 30 June 2025. As at 30 June 2025, the Company did not have any treasury shares.

## **CORPORATE GOVERNANCE**

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence in the Company and the Company's accountability. The Company therefore strives to attain and maintain effective corporate governance practices and procedures.

The Directors are of the view that the Company had complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**") during the six months ended 30 June 2025, except for the deviation from the code provision C.1.7 of the Corporate Governance Code.

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

Further information about the corporate governance practices of the Company will be set out in the interim report of the Company for the six months ended 30 June 2025.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the "**Audit Committee**"), which comprises four independent non-executive Directors pursuant to the Listing Rules.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2025 and considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.



## REVIEW OF UNAUDITED INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2025 have been reviewed by the Company's independent auditor, KTC Partners CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor of the Company has not issued a conclusion on their review report on the interim financial information of the Group for the six months ended 30 June 2025. The following is an extract of the independent auditor's review report on the interim financial information of the Group for the six months ended 30 June 2025.

### Extract from the Interim Financial Information Review Report

#### *"Basis for Disclaimer of Conclusion*

##### *Material Uncertainties Relating to Going Concern*

We draw attention to note 2 to the interim financial information, which mentioned that the Group incurred a loss attributable to owners of the Company of approximately RMB2,652 million for the six months ended 30 June 2025. As at 30 June 2025, the Group had borrowings in total of approximately RMB56,111 million, out of which approximately RMB27,598 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,327 million. As at 30 June 2025, the Group had certain indebtedness, including senior notes, corporate bonds and bank and other borrowings, with an aggregate carrying amount of approximately RMB22,843 million that were defaulted or cross defaulted. A liquidation application has been filed in a British Virgin Islands court against Powerlong Real Estate (BVI) Holdings Limited, a wholly owned subsidiary of the Company on 7 March 2025, and the date of hearing of the liquidation application has been further adjourned to 17 November 2025 (or the next available date before 4 December 2025). The above events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the abovementioned, the interim financial information have been prepared by the directors of the Company (the "Directors") on a going concern basis, the validity of which depends upon the successful outcome of the Group's various plans and measures, as set out in note 2 to the interim financial information, to mitigate its liquidity pressure and to improve its financial performance, which are subject to material uncertainties.

As a result of the material uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation of the interim financial information as adopted by the Directors is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to the interim financial information, 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 effect of these adjustments has not been reflected in the interim financial information."

## **EVENTS AFTER THE REPORTING PERIOD**

References are made to the Company's announcements dated 7 March 2025, 31 March 2025, 12 May 2025 and 14 July 2025 in relation to the liquidation application filed in a British Virgin Islands court against Powerlong Real Estate (BVI) Holdings Limited, a wholly-owned subsidiary of the Company. The date of hearing of the liquidation application has been further adjourned to 17 November 2025 (or the next available date before 4 December 2025). The Company will closely monitor the development in relation to the liquidation application.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the six months ended 30 June 2025 and up to the date of this announcement, the Company has maintained a sufficient public float of more than 25% of the total number of issued shares of the Company as required under the Listing Rules.

## **PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The interim report of the Company for the six months ended 30 June 2025 will be made available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.powerlong.com](http://www.powerlong.com) in due course.

By order of the Board  
**Powerlong Real Estate Holdings Limited**  
**Hoi Kin Hong**  
*Chairman*

Hong Kong, 29 August 2025

*As at the date of this announcement, the executive Directors are Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping and Mr. Zhang Hong Feng; the non-executive Director is Ms. Hoi Wa Fan; and the independent non-executive Directors are Mr. Au Yeung Po Fung, Dr. Mei Jian Ping, Dr. Ding Zu Yu and Ms. Liu Xiao Lan.*