力高集團
REDCO GROUP

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 2026

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2026 amounted to RMB1,302.1 million
- Loss for the six months ended 30 June 2026 amounted to RMB1,181.8 million
- Loss attributable to owners of the Company for the six months ended 30 June 2026 amounted to RMB1,368.6 million
- Land bank amounted to 7.9 million sq.m. as at 30 June 2026 (31 December 2025: 8.1 million sq.m.)
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: 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 2026, together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
	Notes	**2026**	**2025**
		RMB'000	*RMB'000*
		(Unaudited)	*(Unaudited)*
Revenue	4	1,302,052	988,488
Cost of sales		(1,276,683)	(1,045,567)
Gross profit (loss)		25,369	(57,079)
Other income, gains and losses, net	5	(118,303)	(125,869)
Selling and marketing expenses		(40,729)	(55,567)
General and administrative expenses		(126,871)	(151,471)
Impairment losses on financial assets, net of reversal		(2,916)	(4,415)
Operating loss		(263,450)	(394,401)
Finance income		543	1,188
Finance costs		(844,692)	(311,893)
Finance income and costs, net	6	(844,149)	(310,705)
Share of results of investments accounted for using the equity method, net		(488)	(3,949)
Loss before income tax		(1,108,087)	(709,055)
Income tax expense	7	(73,688)	(1,311)
Loss for the period		(1,181,775)	(710,366)
Loss for the period attributable to:			
– Owners of the Company		(1,368,625)	(589,962)
– Non-controlling interests		186,850	(120,404)
		(1,181,775)	(710,366)
Loss per share			
– Basic and diluted (expressed in RMB cents per share)	9	(38.54)	(16.61)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	**2025**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Loss for the period	(1,181,775)	(710,366)
Other comprehensive income for the period		
Item that may not be reclassified subsequently to profit or loss:		
– Currency translation differences	544,258	189,211
Total other comprehensive income for the period	544,258	189,211
Total comprehensive expense for the period	(637,517)	(521,155)
Total comprehensive expense attributable to:		
– Owners of the Company	(833,810)	(401,957)
– Non-controlling interests	196,293	(119,198)
	(637,517)	(521,155)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	**30 June 2026**	**31 December 2025**
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment		424,931	439,529
Investment properties		821,423	820,952
Intangible assets		306,383	310,924
Investments accounted for using the equity method		624,077	629,527
Contract assets		610,699	611,074
Deferred income tax assets		263,779	325,630
		3,051,292	3,137,636
CURRENT ASSETS			
Completed properties held for sales		8,382,976	7,610,218
Properties under development for sales		18,189,654	19,139,026
Trade and other receivables and deposits	10	2,830,964	2,781,611
Prepayments		1,410,395	1,359,157
Income tax recoverable		2,300,010	2,262,590
Amounts due from non-controlling interests		1,702,770	1,756,327
Amounts due from associates		378,978	400,060
Amounts due from joint ventures		622,362	625,861
Restricted cash		358,084	369,677
Cash and cash equivalents		107,736	198,511
		36,283,929	36,503,038

	Notes	30 June 2026	31 December 2025
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
CURRENT LIABILITIES			
Trade and other payables	11	16,551,902	15,222,239
Amounts due to non-controlling interests		4,463,818	5,373,801
Amounts due to associates		512,307	512,307
Amounts due to joint ventures		3,917	4,849
Income tax liabilities		3,263,881	3,243,191
Bank and other borrowings	12	16,410,442	16,201,657
Contract liabilities		3,269,964	3,224,973
		44,476,231	43,783,017
NET CURRENT LIABILITIES		(8,192,302)	(7,279,979)
TOTAL ASSETS LESS CURRENT LIABILITIES		(5,141,010)	(4,142,343)
NON-CURRENT LIABILITIES			
Deferred income tax liabilities		917,827	919,156
Bank and other borrowings	12	298,277	538,551
		1,216,104	1,457,707
NET LIABILITIES		(6,357,114)	(5,600,050)
CAPITAL AND RESERVES			
Share capital		139,632	139,632
Reserves		(6,160,316)	(5,326,506)
		(6,020,684)	(5,186,874)
Non-controlling interests		(336,430)	(413,176)
DEFICIENCY OF SHAREHOLDERS' EQUITY		(6,357,114)	(5,600,050)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 2026, the Group incurred a net loss attributable to the owners of the Company of approximately RMB1,368,625,000 (30 June 2025: RMB589,962,000) and as of 30 June 2026, the Group had net current liabilities of approximately RMB8,192,302,000 (31 December 2025: RMB7,279,979,000) and net deficiency of shareholders' equity attributable to the owners of the Company of approximately RMB6,020,684,000 (31 December 2025: RMB5,186,874,000). In addition, as at 30 June 2026, the Group's total bank and other borrowings amounted to approximately RMB16,708,719,000 (31 December 2025: RMB16,740,208,000) and out of which, the Group's bank and other borrowings of approximately RMB16,410,442,000 (31 December 2025: RMB16,201,657,000) would fall due and be repayable within one year, while its cash and cash equivalents amounted to approximately RMB107,736,000 (31 December 2025: RMB198,511,000) only. Further, as at 30 June 2026, the Group's bank and other borrowings amounted to approximately RMB16,143,118,000 (31 December 2025: RMB16,177,903,000) were defaulted and/or cross default due to overdue payment of principal and/or interest.

The conditions described above exist that 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 the 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 plans and measures (the "**Plans and Measures**") are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) The Company has been in negotiations with its offshore creditors, including but not limited to noteholders, banks and the agents and lenders under the syndicated loans, with the assistance of the financial adviser engaged by the Company in connection with a proposed restructuring of its offshore debt (the "**Offshore Debt Restructuring Plan**"). In this regard, the Company has formulated the principal terms of the Offshore Debt Restructuring Plan and will publish (or has published) a separate announcement providing a further update to its creditors and other stakeholders on or around the date of this announcement.

(ii) The Group has successfully extended certain onshore loans with the longest extension until the year 2028. The Company has continuously negotiated with onshore creditors of the Group's borrowings due to mature for renewal or extension as and when appropriate (the "**Onshore Debt Restructuring Plan**").

(iii) The Group remains committed to accelerating the sale of its existing property inventory and ensuring timely delivery. The pressure on delivery tasks has been substantially alleviated, providing a solid foundation for the Group's operational stability and sustainable business condition.

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**").

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 2026. They are of the opinion that, taking into account the abovementioned Plans and Measures, 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 2026. Accordingly, the Directors are satisfied that it is appropriate to prepare the 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 Offshore Debt Restructuring Plan, Onshore Debt Restructuring Plan and Project Selling 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 condensed 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 condensed consolidated financial statements.

(b) Basis of preparation of condensed consolidated financial statements

The condensed consolidated financial statements for the six months ended 30 June 2026 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 2025, 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

The accounting policies applied to these condensed consolidated financial statements are consistent with those of the annual financial statements for the year ended 31 December 2025, as described in those annual financial statements.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2026 and currently relevant to the Group:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

The Group has adopted these amendments of standards and the adoption of these amendments of standards do not have significant impacts on the Group's 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	
	2026	**2025**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue from contracts with customers:		
Sales of properties	1,069,816	751,751
Property management services and community value-added services	191,073	191,365
Project management services	363	107
Hotel income	35,548	39,148
Healthcare services	1,562	695
	1,298,362	983,066
Revenue from other sources:		
Rental income	3,690	5,422
	1,302,052	988,488

(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.

During the six months ended 30 June 2026, 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.

For the six months ended 30 June 2026, in view of the Group's property management services business which was included under the "Others" segment for the six months ended 30 June 2025 accounted for over 10% of the Group's total revenue and thus, the revenue and results attributable to the Group's property management services was separately presented as the "Property management service" segment and thus, the "Others" segment represents healthcare services, rental income and development and maintenance of IT systems for property developers, provision of other IT-related services, investment holding business and others for the six months ended 30 June 2026.

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. 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

	Property development						
	Greater Western Taiwan Straits Economic Zone	**Central and Western Regions**	**Bohai Economic Rim**	**Greater Bay Area**	**Property management services**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2026 (Unaudited)							
Segment revenue							
Revenue from contracts with customers							
– Recognised at a point in time	51,107	158,761	854,120	5,828	—	611	1,070,427
– Recognised over time	35,548	—	—	—	191,812	1,953	229,313
– Others	648	—	—	93	—	3,042	3,783
Less: inter-segment revenue	—	—	—	—	(1,471)	—	(1,471)
Consolidated revenue from external customers	87,303	158,761	854,120	5,921	190,341	5,606	1,302,052
Segment results							
Segment results	9,167	(35,754)	(79,788)	(23,861)	4,595	(119,867)	(245,508)
Depreciation of property, plant and equipment	(15,337)	(46)	(42)	(6)	(2,484)	(27)	(17,942)
Operating (loss) profit	(6,170)	(35,800)	(79,830)	(23,867)	2,111	(119,894)	(263,450)
Share of results of investments accounted for using the equity method, net	—	(82)	—	(745)	339	—	(488)
Finance income	98	138	15	25	14	253	543
Finance costs	(94,344)	(52,871)	(94,081)	(79,423)	(354)	(523,619)	(844,692)
Income tax (expense) credit	(51,098)	(6,065)	(71,246)	57,714	(2,993)	—	(73,688)
Loss for the period	(151,514)	(94,680)	(245,142)	(46,296)	(883)	(643,260)	(1,181,775)

	Property development						
	Greater Western Taiwan Straits Economic Zone	**Central and Western Regions**	**Bohai Economic Rim**	**Greater Bay Area**	**Property management services**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2026 (Unaudited)							
Additions to:							
Property, plant and equipment	—	—	—	—	4,692	190	4,882
Total segment liabilities	(5,689,223)	(14,584,007)	(4,196,579)	(5,682,278)	(262,637)	(15,277,611)	(45,692,335)
Total segment assets	4,890,175	14,867,541	5,809,127	4.891,608	393,627	8,481,041	39,333,119
Other unallocated corporate assets							2,102
Total consolidated assets							39,335,221
Including investments accounting for using the equity method	14,902	247,897	70,836	160,110	2,991	127,341	624,077

	Greater Western Taiwan Straits Economic Zone	Central and Western Regions	Bohai Economic Rim	Greater Bay Area	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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	183,312	472,109	8,097	127,381	197,589	988,488
Segment results						
Segment results	23,900	(203,514)	(19,349)	(92,279)	(83,705)	(374,947)
Depreciation of property, plant and equipment	(15,983)	(182)	(55)	(31)	(3,203)	(19,454)
Operating (loss) profit	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)	(6,243)	(614)	9,162	1,404	(5,020)	(1,311)
Loss for the period	(78,584)	(323,364)	(23,945)	(185,832)	(98,641)	(710,366)

	Property development						
	Greater Western Taiwan Straits Economic Zone	**Central and Western Regions**	**Bohai Economic Rim**	**Greater Bay Area**	**Property management services**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Additions to:							
Property, plant and equipment	915	145	280	15	5,507	3,442	10,304
As at 31 December 2025							
Total segment liabilities	(7,134,413)	(10,070,017)	(8,748,889)	(4,877,140)	(264,420)	(14,145,845)	(45,240,724)
Total segment assets	10,255,600	9,871,462	6,757,713	3,772,799	387,337	8,593,589	39,638,500
Other unallocated corporate assets							2,174
Total consolidated assets							39,640,674
Including investments accounting for using the equity method	14,902	252,345	70,836	160,855	3,161	127,428	629,527

5. Other income, gains and losses, net

	Six months ended 30 June	
	2026	**2025**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Net exchange loss	(108,240)	(111,571)
Gain on disposals of property, plant and equipment	222	819
Loss on disposals of subsidiaries	—	(23,659)
Others	(10,285)	8,542
	(118,303)	(125,869)

6. Finance income and costs, net

	Six months ended 30 June	
	2026	**2025**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Finance income from banks	543	1,188
Finance costs on bank and other borrowings, including senior notes	985,663	731,450
Finance costs on loans from non-controlling interests	15,986	—
	1,001,649	731,450
Less: amount capitalised in respect of qualifying assets	(156,957)	(419,557)
	844,692	311,893
Finance income and costs, net	(844,149)	(310,705)

7. Income tax expense

	Six months ended 30 June	
	2026	**2025**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Provision for (reversal of) current tax:		
– PRC enterprise income tax	48,170	13,088
– PRC land appreciation tax	(35,005)	3,299
	13,165	16,387
Deferred tax expense (credit)	60,523	(15,076)
	73,688	1,311

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax. The group companies in the British Virgin Islands ("**BVI**") were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

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 2026 (six months ended 30 June 2025: nil).

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 2026 (six months ended 30 June 2025: 25%). For certain subsidiaries qualified as micro and small enterprises, the PRC enterprise income tax was charged at a preferential rate of 20% for the periods in which they were qualified.

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% (six months ended 30 June 2025: 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 2026 (six months ended 30 June 2025: 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	
	2026	**2025**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
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	(1,368,625)	(589,962)

	Six months ended 30 June	
	2026	**2025**
	(thousands of shares)	
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	3,551,609	3,551,609

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 2026 (six months ended 30 June 2025: nil).

10. Trade and other receivables and deposits

	Note	30 June 2026	31 December 2025
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
Trade receivables	(a)	379,215	332,678
Less: impairment		(61,667)	(58,751)
		317,548	273,927
Other receivables comprise:			
– Interest receivables		11,428	11,900
– Others receivables		2,929,487	2,916,843
Deposits comprise:			
– Deposits with local real estate associations		16,470	22,910
– Deposits with labour department		4,728	4,728
– Deposits with treasury bureau		11,058	11,058
		2,973,171	2,967,439
Less: impairment		(459,755)	(459,755)
		2,513,416	2,507,684
		2,830,964	2,781,611

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 2026, trade receivables from sales of properties of approximately RMB3,188,000 (31 December 2025: RMB4,770,000) 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 2026	**31 December 2025**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
0 - 30 days	254,492	238,083
31 - 60 days	334	2,045
61 - 90 days	4,111	2,658
91 - 180 days	26,503	28,391
Over 180 days	93,775	61,501
	379,215	332,678

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 *Financial Instruments*. A loss allowance of approximately RMB61,667,000 (31 December 2025: RMB58,751,000) was provided as at 30 June 2026, 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

	Notes	**30 June 2026** *RMB'000* *(Unaudited)*	**31 December 2025** *RMB'000* *(Audited)*
Trade payables	(a)	6,539,426	6,240,314
Accruals and other payables		5,864,365	5,533,447
Amounts due to shareholders	(b)	87,908	86,706
Other taxes payables		1,251,821	977,833
Dividend payables		4,520	4,707
Salary payables		21,312	24,822
Interest payables		2,749,102	2,349,893
Rental deposits received		33,448	4,517
		16,551,902	15,222,239

Notes:

(a) Trade payables

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

	30 June 2026 *RMB'000* *(Unaudited)*	31 December 2025 *RMB'000* *(Audited)*
0 to 30 days	4,639,369	4,679,469
31 to 60 days	6,820	14,158
61 to 90 days	15,142	7,522
Over 90 days	1,878,095	1,539,165
	6,539,426	6,240,314

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 2026 and 31 December 2025, the amounts due to shareholders are interest-free, unsecured and repayable within 1 year with repayment on demand clause.

12. Bank and other borrowings

	Notes	30 June 2026 *RMB'000* *(Unaudited)*	31 December 2025 *RMB'000* *(Audited)*
Bank and other borrowings comprise:			
– Senior notes, including accrued interests	(a)	9,061,223	9,003,937
– Bank and other borrowings	(b)	7,647,496	7,736,271
		16,708,719	16,740,208
The carrying amounts of bank and other borrowings based on scheduled repayment dates set out in the loan agreements			
Within one year or demand		15,943,877	16,195,521
More than one year, but not more than two years		670,933	450,278
More than two years, but not more than five years		92,682	93,182
More than five years		1,227	1,227
		16,708,719	16,740,208
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		(16,410,442)	(16,201,657)
Amounts shown under non-current liabilities		298,277	538,551
Analysed as:			
– Fixed-rates bank and other borrowings		11,469,203	11,534,594
– Variable-rates bank and other borrowings		5,239,516	5,205,614
		16,708,719	16,740,208
Analysed as:			
– Secured	(c)	16,703,104	16,734,518
– Unsecured		5,615	5,690
		16,708,719	16,740,208

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 2026	**31 December 2025**
					RMB'000	*RMB'000*
					(Unaudited)	*(Audited)*
13% Senior Note due 2023	13%	27 March 2020	27 May 2023	US$680,000	7,093	7,022
11% Senior Note due 2022	11%	6 August 2020	6 August 2022	US$9,901,000	99,452	98,980
9.9% Senior Note due 2024	9.9%	17 November 2020	17 February 2024	US$251,763,000	2,458,686	2,453,996
10.5% Senior Note due 2023	10.5%	6 July 2021	5 January 2023	RMB557,000,000	789,819	760,817
8% Senior Note due 2023	8%	25 March 2022	23 March 2023	US$163,661,144	1,497,917	1,502,362
13% Senior Note due 2023	13%	8 April 2022	7 April 2023	US$135,302,096	1,430,360	1,416,848
11% Senior Note due 2023	11%	8 April 2022	6 August 2023	US$249,173,600	2,490,983	2,478,702
11% Senior Note due 2023 II	11%	6 August 2022	6 August 2023	US$29,450,000	286,913	285,210
Total					9,061,223	9,003,937

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

The Group's senior notes as at 30 June 2026 totalling approximately RMB9,061,223,000 (31 December 2025: RMB9,003,937,000) 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 2026, the Group did not repay a senior note at carrying value and interests of approximately RMB9,061,223,000 (31 December 2025: RMB9,003,937,000) ("**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' senior notes at an aggregate carrying value and interests of approximately RMB9,061,223,000 (31 December 2025: RMB9,003,937,000) have been presented as a current liabilities as at 30 June 2026.

(b) Secured bank and other borrowings

As at 30 June 2026, the Group's bank and other borrowings of approximately RMB4,923,156,000 (31 December 2025: RMB4,925,709,000), were secured by certain properties under development for sale with the carrying amount of approximately RMB3,245,696,000 (31 December 2025: RMB3,256,441,000), property, plant and equipment of approximately RMB344,245,000 (31 December 2025: RMB390,422,000) and investment properties of approximately RMB246,063,000 (31 December 2025: RMB181,315,400). The Group's bank and other borrowings of approximately RMB5,047,926,000 (31 December 2025: RMB5,634,419,000) were guaranteed by the Company and secured by the Group's equity interests in certain subsidiaries.

Bank and other borrowings bear interest from 3.2% to 24.00% (31 December 2025: 3.20% to 24.00%) per annum.

The carrying amounts of the Group's bank and other 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 and other borrowings

The Group did not repay certain bank and other borrowings at an aggregate carrying value of approximately RMB4,655,113,000 (31 December 2025: RMB4,709,936,000) ("**Overdue Borrowings**") in accordance with the contractual repayment schedules. Part of the balance of bank and other borrowings was subject to a demand letter, as detailed in Note 13. 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 and other borrowings at an aggregate carrying value of approximately RMB2,426,782,000 (31 December 2025: RMB2,464,030,000) ("**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 2026, 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 RMB344,245,000, RMB246,063,000 and RMB3,245,696,000 (31 December 2025: RMB390,422,000, RMB181,315,400 and RMB3,256,441,000), 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

Deemed disposal of 24% of the issued shares in Redco Healthy Company Limited ("**Redco Healthy**")

Pursuant to the announcement of the Company dated 22 May 2026 in relation to, among other things, the enforcement of security and acquisition by China Billion International Limited, being the lender (the "**Lender**"), of 48,000,000 ordinary shares (the "**Target Shares**") in Redco Healthy out of the Charged Share, representing 24% of the issued share capital of Redco Healthy, for a consideration of HKD45,120,000 (the "**Sale**").

On 3 July 2026, the Company had received a letter from the Receivers, and it was stated therein that the Lender had completed acquisition of the Target Shares on 2 July 2026 at the gross valuation of HKD45,120,000, exclusive of all stamp duty, agent fees, transactions fees, legal fees, receivers' fees and disbursements, and any other third-party fees and expenses incurred in connection with the Sale and the enforcement of the security over the Target Shares, and only the net balance remaining after deduction of the said fees, costs and expenses will be applied towards the partial settlement and reduction of the liabilities owed by the Company to the Lender. Accordingly, the interest of the Company in Redco Healthy has been reduced from 75% to 51% upon the completion of such Sale by the Lender and the Receivers (while the remaining 51% issued shares in Redco Healthy continued to be held by the Receivers).

The Company had enquired with the Receivers on the enforcement plan regarding the remaining interest in Redco Healthy and was informed that the Receivers have been looking for further sales of the remaining 51% share capital in Redco Healthy. The Company shall continue its effort in liaising with the Lender and the Receivers for an amicable solution of the liabilities. However, given the existing financial condition of the Company, there is no guarantee that the Company would be able to fully settle the remaining outstanding liabilities with the Lender. The Company will closely monitor the situation and developments and provide an update to the Shareholders and potential investors as and when appropriate.

Details of the above are set out in the Company's announcement dated 3 July 2026.

Statutory Demand against the Company

On 25 August 2026, the Company received a letter from the solicitors acting on behalf of the Lender and a statutory demand dated 25 August 2026 (the "**Statutory Demand**") served on the Company pursuant to Sections 178(1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) ("**Cap. 32**"), demanding payment of the sum of approximately US$82.6 million, being the outstanding principal amount of and accrued interest on the facility as disclosed in the announcement of the Company dated 2 January 2026 (the "**Debt**").

The Statutory Demand requires the Company to pay the Debt within three weeks from the date of service of the Statutory Demand, failing which the Company shall be deemed to be unable to pay its debts within the meaning of Section 178(1)(a) of Cap. 32 and the Creditor may present a petition for the winding-up of the Company. A draft petition for the winding-up of the Company was separately delivered to the Company. As at the date of this announcement, no winding-up petition has been presented against or served on the Company.

Details of the above are set out in the Company's announcement dated 25 August 2026.

BUSINESS OVERVIEW

During the first half of 2026, the global macroeconomic landscape continued to undergo in-depth adjustments, with multiple factors intertwined, such as divergent pace of recovery, restructuring of the international economic and trade landscape, volatility of commodity prices and iteration of regional economic policies. The external environment remained complex and changeable with prominent uncertainties, which had a sustained impact on the development of the domestic economy and the real economy.

Based on the main line of high-quality development, the domestic economy experienced an accelerated implementation and transformation of new quality productive forces, and a continually optimized industrial structure, and saw a steadily released potential of domestic demand. In the first half of the year, the gross domestic product ("**GDP**") was RMB69,570.4 billion, representing a year-on-year increase of 4.7%. The economic fundamentals continued to be consolidated, the tertiary industries made synergistic efforts, and new growth drivers continued to empower the real economy. At the same time, structural problems still existed during the transition period, and the staged characteristics such as uneven pace of market recovery, intensified industry differentiation and lingering pressure on enterprise operation were still significant.

2026 is the first year of the "15th Five-Year Plan", and the policy focus of the real estate industry has shifted from "stemming the downturn and restoring stability" to "focusing on stabilizing the market", while the guidance of implementing city-specific policies to control increment, destocking and optimizing supply has been continuously deepened. In the first half of the year, the market exhibited an L-shaped bottoming-out with a narrowing decline, and the characteristics of urban energy level differentiation, primary and secondary market differentiation and product structure differentiation were particularly obvious. The demand structure continued to upgrade, the proportion of improvement demand steadily increased, the industry officially entered a new development stage of quality priority, structural optimization and stable operation, and market confidence was steadily restored, but the comprehensive recovery of the industry still required continuous accumulation of strength.

Facing the structurally differentiated market landscape of the industry, the Group adhered to the bottom line of stable operation, anchored the core objectives of stable delivery, stable operation and risk prevention, and solidly promoted various operational tasks in the first half of the year. At the same time, the Group deeply cultivated lean operation management, comprehensively strengthened cost control, resource coordination and refined capital management, continuously improved the efficiency of capital turnover and resource allocation, strictly prevented various operational risks, and consolidated the foundation for corporate development in the cycle of industry differentiation.

PROPERTY DEVELOPMENT AND INVESTMENT PROJECTS

As at 30 June 2026, the Group's property portfolio comprised 48 property development and investment projects with an aggregate gross floor area (the "**GFA**") of 7,906,175 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 2026:

Project	**Site Area (1) (sq.m.)**	**Total GFA (2) (sq.m.)**	**Total GFA under various stages of development remaining unsold (3) (sq.m.)**
Jiangxi Region	518,179	1,483,281	781,902
Tianjin Region	550,730	1,501,362	689,058
Hunan Region	328,417	1,265,179	1,044,399
Zhejiang Region	148,843	508,597	218,925
Jiangsu Region	448,028	1,109,128	806,582
Shandong Region	1,092,904	3,087,820	1,921,732
Anhui Region	270,467	669,202	319,964
Hubei Region	100,411	112,217	80,416
Guangdong Region	609,612	1,981,733	1,644,822
Fujian Region	154,359	473,505	398,375
Total	4,221,950	12,192,024	7,906,175

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 2026 increased by 31.7% to approximately RMB1,302.1 million from approximately RMB988.5 million for the six months ended 30 June 2025. The increase in total revenue was attributable to the increase in the GFA delivered. Such increase was primarily attributable to the increase in GFA delivered for the six months ended 30 June 2026. Total GFA delivered increased by 87.0% from 78,360 sq.m. for the six months ended 30 June 2025 to 146,525 sq.m. for the six months ended 30 June 2026. The increase in our total revenue was counteracted by the decrease in recognized average selling price (the “**ASP**”) for the six months ended 30 June 2026. The ASP for properties delivered decreased by 23.9% to RMB7,301 per sq. m. from RMB9,594 per sq. m.

The following table sets out a breakdown of the Group's revenue, GFA delivered and ASP by geographical segments for the periods indicated:

	For the six months ended 30 June					
	2026	**2025**	**2026**	**2025**	**2026**	**2025**
	Revenue (RMB'000) (Unaudited)		*GFA Delivered (sq. m.)*		*Recognised ASP (RMB per sq. m.)*	
Greater Western Taiwan Straits Economic Zone	51,107	144,164	7,694	17,027	6,642	8,467
Central and Western Regions	158,761	472,109	25,674	45,823	6,184	10,303
Bohai Economic Rim	854,120	8,097	112,420	1,624	7,598	4,986
Greater Bay Area	5,828	127,381	737	13,886	7,908	9,173
Others						
– Healthcare service	1,562	695	—	—	—	—
– Property management services and community value-added services	191,073	191,365	—	—	—	—
– Project management services	363	107	—	—	—	—
– Rental income	3,690	5,422	—	—	—	—
– Hotel services	35,548	39,148	—	—	—	—
Total	1,302,052	988,488	146,525	78,360	7,301	9,594

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 profit (loss)

The Group recorded a gross profit of approximately RMB25.4 million for the six months ended 30 June 2026, compared to a gross loss of approximately RMB57.1 million for the six months ended 30 June 2025. The gross profit margin improved to approximately 1.9% from a gross loss margin of 5.8% over the same period.

The improvement was mainly attributable to higher revenue recognised from property deliveries during the period, coupled with a better mix of projects delivered, which carried relatively higher gross margins compared to the corresponding period in 2025. The gross loss recorded in the prior period was primarily due to the unfavourable macroeconomic environment and the continued downturn in the PRC real estate sector, which resulted in certain projects being completed and delivered at low or negative margins.

Other income, gains and losses, net

Other net losses decreased by 6.0% to approximately RMB118.3 million for the six months ended 30 June 2026, compared to approximately RMB125.9 million for the six months ended 30 June 2025. The decrease was primarily due to lower net exchange losses during the six months ended 30 June 2026.

Net exchange losses amounted to approximately RMB108.2 million for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB111.6 million), mainly arising from the depreciation of the HKD against the USD on the Group’s USD-denominated borrowings.

Selling and marketing expenses

Selling and marketing expenses decreased by 26.8% to approximately RMB40.7 million for the six months ended 30 June 2026 from approximately RMB55.6 million for the six months ended 30 June 2025. Selling and marketing expenses mainly represent expenses incurred in the promotion of the Group's properties and sales commissions paid to the sales teams. The decrease was primarily due to the Group's continued strict control over marketing and promotional expenditures during the six months ended 30 June 2026.

General and administrative expenses

General and administrative expenses decreased by 16.2% to approximately RMB126.9 million for the six months ended 30 June 2026 from approximately RMB151.5 million for the six months ended 30 June 2025. The decrease was mainly attributable to the Group's ongoing cost control measures and optimisation of its corporate structure.

Impairment losses on financial assets, net of reversal

Impairment losses on financial assets, net of reversal, decreased by 34.0% to approximately RMB2.9 million for the six months ended 30 June 2026 from approximately RMB4.4 million for the six months ended 30 June 2025. The decrease was mainly due to a lower impairment provision recognised on trade and other receivables during the period.

Finance costs

Finance costs increased by 170.8% to approximately RMB844.7 million for the six months ended 30 June 2026 from approximately RMB311.9 million for the six months ended 30 June 2025. The significant increase was primarily due to the persistently challenging conditions in the PRC property market, which led to the slowdown and suspension of certain property development projects. As a result, the amount of borrowing costs eligible for capitalisation decreased significantly during the period, and a greater portion of borrowing costs was recognised as an expense.

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 87.6% to approximately RMB0.5 million for the six months ended 30 June 2026 from approximately RMB3.9 million for the six months ended 30 June 2025. The losses were mainly attributable to the operating losses of joint ventures and associates during the six months ended 30 June 2026.

Income tax expense

Income tax expense increased significantly to approximately RMB73.7 million for the six months ended 30 June 2026 from approximately RMB1.3 million for the six months ended 30 June 2025. The increase was primarily attributable to a deferred tax expense of approximately RMB60.5 million recognised during the period (six months ended 30 June 2025: deferred tax credit of RMB15.1 million). The deferred tax expense of approximately RMB60.5 million was mainly attributable to the write-down of deferred tax assets previously recognised in respect of unused tax losses of certain project companies, as it is no longer probable that sufficient taxable profits will be available against which the unused tax losses can be utilised during the period. This was partially offset by a reversal of over-provision of land appreciation tax of approximately RMB35.0 million during the six months ended 30 June 2026 (six months ended 30 June 2025: land appreciation tax expense of RMB3.3 million).

Loss for the six months ended 30 June 2026

As a result of the foregoing, the Group recorded a loss for the six months ended 30 June 2026 of approximately RMB1,181.8 million, compared to a loss of approximately RMB710.4 million for the six months ended 30 June 2025. The increase in loss was primarily attributable to significantly higher finance costs, as a greater portion of borrowing costs was not eligible for capitalisation due to the slowdown and suspension of certain property development projects amid the challenging market conditions in the PRC. This was partially offset by a turnaround from gross loss to gross profit, as well as reductions in selling and marketing expenses and general and administrative expenses.

Loss for the six months ended 30 June 2026 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 RMB1,368.6 million for the six months ended 30 June 2026, compared to a loss of approximately RMB590.0 million for the six months ended 30 June 2025. The increase in loss attributable to owners of the Company is mainly attributable to the reasons set out under "Loss for the six months ended 30 June 2026" above.

Liquidity and Capital Resources

Cash Position

The Group had cash and cash equivalents of approximately RMB107.7 million (31 December 2025: RMB198.5 million) and restricted cash of approximately RMB358.1 million (31 December 2025: RMB369.7 million) as at 30 June 2026. As at 30 June 2026, the Group's cash and cash equivalents were mainly denominated in RMB.

Borrowings

As at 30 June 2026, the Group had borrowings of approximately RMB16,708.7 million (31 December 2025: RMB16,740.2 million) which were denominated in RMB, US$ and HK$.

	30 June 2026 *RMB'000* *(Unaudited)*	**31 December 2025** *RMB'000* *(Audited)*
Bank and other borrowings comprise:		
– Senior notes, including accrued interests	9,061,223	9,003,937
– Bank and other borrowings	7,647,496	7,736,271
	16,708,719	16,740,208
The carrying amounts of bank and other borrowings based on scheduled repayment dates set out in the loan agreements		
Within one year or demand	15,943,877	16,195,521
More than one year, but not more than two years	670,933	450,278
More than two years, but not more than five years	92,682	93,182
More than five years	1,227	1,227
	16,708,719	16,740,208
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	(16,410,442)	(16,201,657)
Amounts shown under non-current liabilities	298,277	538,551

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Analysed as:		
– Fixed-rates bank and other borrowings	11,469,203	11,534,594
– Variable-rates bank and other borrowings	5,239,516	5,205,614
	16,708,719	16,740,208
Analysed as:		
– Secured	16,703,104	16,734,518
– Unsecured	5,615	5,690
	16,708,719	16,740,208

Other performance indicators

Net debt to equity ratio

As at 30 June 2026, the Group's net debt to equity ratio was -255.5% (31 December 2025: -288.8%). 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 2026, the Group's net current liabilities amounted to approximately RMB8,192.3 million (31 December 2025: RMB7,280.0 million). The Group's current ratio, which is calculated as current assets divided by current liabilities, was approximately 0.82 times as at 30 June 2026 (31 December 2025: 0.83 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 2026	**31 December 2025**
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	6,803,739	6,123,372

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 2026 and 2025, 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 2026, the amount of the guarantees utilised by such borrowings drawn down was approximately RMB616,085,000 (31 December 2025: RMB1,293,920,000).

(d) Others

As at 31 December 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). The maximum guarantee exposure refers to the total liability that would arise if all borrowers covered by financial guarantee contracts were to default. At 31 December 2025, with reference to valuation carried out by the independent qualified professional valuer, 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 allowance was recognised in the profit or loss during the year. The guarantee was released during the period.

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 2026 (six months ended 30 June 2025: Nil).

Save as disclosed above, the Group and the Company had no other significant financial guarantees as at 30 June 2026 and 31 December 2025.

Employees and Remuneration policies

As at 30 June 2026, the Group had 1,963 employees (31 December 2025: 1,857 employees). For the six months ended 30 June 2026, the remuneration of the Group's employees (including Directors' emoluments) amounted to approximately RMB134.9 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 2026.

Charge on assets

As at 30 June 2026 and 31 December 2025, 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 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Contracted but not provided for:		
– Land use right	880,893	894,209
– Property development expenditures	5,618,697	5,432,969

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 2026.

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 2026.

Important events affecting the Group after 30 June 2026

Deemed disposal of 24% of the issued shares in Redco Healthy Company Limited ("**Redco Healthy**")

Pursuant to the announcement of the Company dated 22 May 2026 in relation to, among other things, the enforcement of security and acquisition by China Billion International Limited, being the lender (the "**Lender**"), of 48,000,000 ordinary shares (the "**Target Shares**") in Redco Healthy out of the Charged Share, representing 24% of the issued share capital of Redco Healthy, for a consideration of HKD45,120,000 (the "**Sale**").

On 3 July 2026, the Company had received a letter from the Receivers, and it was stated therein that the Lender had completed acquisition of the Target Shares on 2 July 2026 at the gross valuation of HKD45,120,000, exclusive of all stamp duty, agent fees, transactions fees, legal fees, receivers' fees and disbursements, and any other third-party fees and expenses incurred in connection with the Sale and the enforcement of the security over the Target Shares, and only the net balance remaining after deduction of the said fees, costs and expenses will be applied towards the partial settlement and reduction of the liabilities owed by the Company to the Lender. Accordingly, the interest of the Company in Redco Healthy has been reduced from 75% to 51% upon the completion of such Sale by the Lender and the Receivers (while the remaining 51% issued shares in Redco Healthy continued to be held by the Receivers).

The Company had enquired with the Receivers on the enforcement plan regarding the remaining interest in Redco Healthy and was informed that the Receivers have been looking for further sales of the remaining 51% share capital in Redco Healthy. The Company shall continue its effort in liaising with the Lender and the Receivers for an amicable solution of the liabilities. However, given the existing financial condition of the Company, there is no guarantee that the Company would be able to fully settle the remaining outstanding liabilities with the Lender. The Company will closely monitor the situation and developments and provide an update to the Shareholders and potential investors as and when appropriate.

Details of the above are set out in the Company's announcement dated 3 July 2026.

Statutory Demand against the Company

On 25 August 2026, the Company received a letter from the solicitors acting on behalf of the Lender and a statutory demand dated 25 August 2026 (the "**Statutory Demand**") served on the Company pursuant to Sections 178(1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) ("**Cap. 32**"), demanding payment of the sum of approximately US$82.6 million, being the outstanding principal amount of and accrued interest on the facility as disclosed in the announcement of the Company dated 2 January 2026 (the "**Debt**").

The Statutory Demand requires the Company to pay the Debt within three weeks from the date of service of the Statutory Demand, failing which the Company shall be deemed to be unable to pay its debts within the meaning of Section 178(1)(a) of Cap. 32 and the Creditor may present a petition for the winding-up of the Company. A draft petition for the winding-up of the Company was separately delivered to the Company. As at the date of this announcement, no winding-up petition has been presented against or served on the Company.

Details of the above are set out in the Company's announcement dated 25 August 2026.

Since 30 June 2026 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 2026 and up to the date of this announcement.

FUTURE OUTLOOK

Looking forward to the second half of 2026, the global economic recovery will remain divergent and external disturbances will persist, while the domestic economy will continue to pursue high-quality development and accelerate the conversion of old and new growth drives. With the upgrading of urbanization and the continuous evolution of living demands, rigid demand and improvement housing demand will be steadily released, providing basic support for the long-term steady development of the real estate industry.

The real estate industry will continue the trend of structural restoration and differentiated development, with the market differentiation pattern further intensifying. In the second half of the year, the new housing market is expected to continue to bottom out at a low level with slight recovery. First-tier and strong second-tier core cities rely on high-quality improvement housing entering the market, showing the strong transaction resilience, while most third- and fourth-tier cities still focus on destocking, with the destocking cycle potentially further lengthening; Overall price will remain under pressure, and the structural differentiation will continue to focus on improving quality and efficiency, optimizing supply, and completely shifting to comprehensive competition of product quality, service capabilities and refined operation. Rigid demand and improved demand will become the core support of the market, and the industry's long-term healthy development model will accelerate its formation.

In the second half of 2026, the Group will closely follow the national policy gudiance and industry development trends, accurately grasp the structural opportunities in the market, and continuously optimize its business strategy and business layout. The Company will continue to deepen market research and analysis, further refined cost control and capital management, optimize resource allocation, accelerate capital turnover, and build a solid defense line of capital security in all aspects. The Group will improve the full-chain risk prevention and control system and continuously improve the enterprise's anti-cyclical operating capability. In the future, the Group will adhere to the original aspiration of stability, respond to changes, break through difficulties; work diligently and accumulate strength for a breakthrough. Through lean operation, the Company will consolidate its foundation, activate momentum amid industry changes, and unswervingly promote the high-quality, sustainable and steady development of the Group.

CORPORATE GOVERNANCE CODE

The Company has applied the principles of good corporate governance and complied with all applicable 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 2026.

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 2026.

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 2026. As at 30 June 2026, 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 2026.

PUBLICATION OF THE 2026 INTERIM RESULTS ANNOUNCEMENT AND 2026 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 2026 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 2026

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.