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Red Star Macalline Group Corporation Ltd.

紅星美凱龍家居集團股份有限公司

(A sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1528)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**” or “**Red Star Macalline**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**” or “**we**”) for the six months ended 30 June 2025 (the “**Reporting Period**” or “**1H 2025**”), together with comparative figures for the six months ended 30 June 2024 (the “**1H 2024**”).

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2025	2024
	(RMB'000, except otherwise stated)	
	(Unaudited)	(Unaudited)
Revenue	3,337,076	4,224,862
Gross profit	2,210,002	2,797,379
Gross profit margin	66.2%	66.2%
Loss for the period	(2,108,206)	(1,423,256)
Loss attributable to owners of the Company	(1,954,786)	(1,336,774)
Loss margin attributable to owners of the Company	-58.6%	-31.6%
Core net loss attributable to owners of the Company ⁽²⁾	(393,939)	(383,784)
Core net loss margin attributable to owners of the Company ⁽³⁾	-11.8%	-9.1%
Loss per share (Basic and diluted)	RMB(0.45)	RMB(0.31)

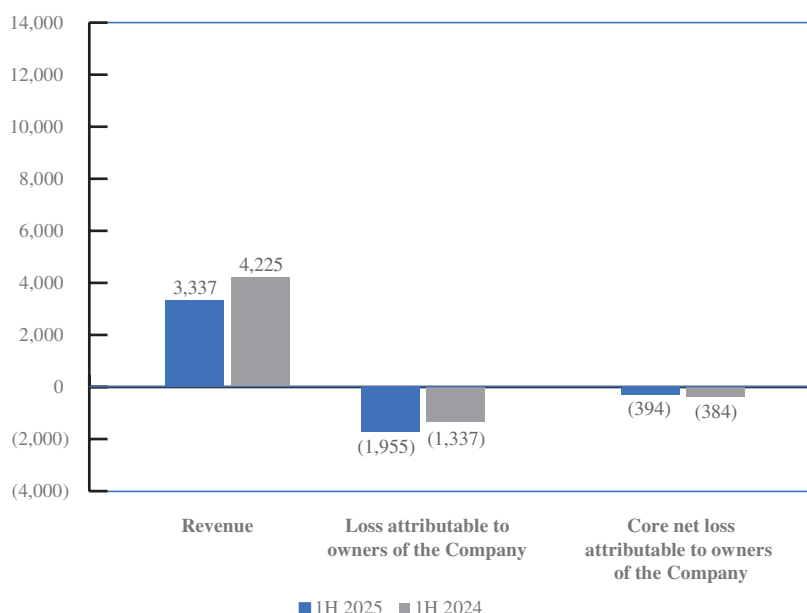
Notes: (1) In the event of any inconsistency between the Chinese version and the English version of this Announcement, the Chinese version shall prevail.

(2) Core net loss attributable to owners of the Company represents the loss attributable to owners of the Company after deducting the after-tax effects of changes in fair values of investment properties, other income, other gains and losses or other expenses etc., which are not related to daily operating activities.

(3) Core net loss margin attributable to owners of the Company represents the ratio of core net loss attributable to owners of the Company divided by revenue.

KEY FINANCIAL PERFORMANCE INDICATORS

Key Financial Performance Indicators
RMB in million



OPERATIONAL HIGHLIGHTS

The following table sets forth certain operating statistics of Portfolio Shopping Malls⁽¹⁾ and Managed Shopping Malls⁽¹⁾ in operation as at the dates indicated:

	As at 30 June 2025	As at 30 June 2024
Number of shopping malls	311	352
Operating area of shopping malls (sq.m.)	19,361,762	21,201,448
Number of cities covered	189	210
Number of Portfolio Shopping Malls	76	85
Operating area of Portfolio Shopping Malls (sq.m.)	7,490,428	7,885,050
Average occupancy rate of Portfolio Shopping Malls	84.2%	81.6%
Number of Managed Shopping Malls	235	267
Operating area of Managed Shopping Malls (sq.m.)	11,871,334	13,316,398
Average occupancy rate of Managed Shopping Malls	81.3%	82.8%

Note:

(1) See definitions in the 2024 annual report of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Revenue	4	3,337,076	4,224,862
Cost of sales and services		<u>(1,127,074)</u>	<u>(1,427,483)</u>
Gross profit		2,210,002	2,797,379
Other income	5	72,575	99,943
Other gains or losses, net	6	9,011	(273,992)
Selling and distribution expenses		(366,320)	(463,150)
Administrative expenses		(596,225)	(700,373)
Research and development expenses		(3,247)	(7,339)
Change in fair value of investment properties, net	12	(2,274,001)	(1,177,523)
Impairment losses under expected credit loss model, net of reversal		(116,365)	(474,770)
Share of results of associates, net		70,911	1,515
Share of results of joint ventures, net		18,298	(37,689)
Finance cost	7	<u>(1,095,295)</u>	<u>(1,300,450)</u>
Loss before tax		(2,070,656)	(1,536,449)
Income tax (expenses)/credit	8	<u>(37,550)</u>	<u>113,193</u>
Loss for the period	9	<u>(2,108,206)</u>	<u>(1,423,256)</u>

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
Notes		(Unaudited)	(Unaudited)
Other comprehensive (loss)/income			
<i>Item that will not be reclassified to profit or loss:</i>			
	Changes in fair value of other equity instrument investments	(186,018)	(82,110)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
	Exchange differences from translation of financial statements	(189)	280
	Other comprehensive loss, net of tax	(186,207)	(81,830)
	Total comprehensive loss for the period	(2,294,413)	(1,505,086)
Loss for the period attributable to:			
	Owners of the Company	(1,954,786)	(1,336,774)
	Non-controlling interests	(153,420)	(86,482)
		(2,108,206)	(1,423,256)
Total comprehensive loss attributable to:			
	Owners of the Company	(2,140,993)	(1,416,133)
	Non-controlling interests	(153,420)	(88,953)
		(2,294,413)	(1,505,086)
Loss per share			
	Basic and diluted loss (RMB per share)	(0.45)	(0.31)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2025

		As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties	12	95,609,200	95,104,200
Property, plant and equipment		2,238,057	2,673,532
Right-of-use assets		3,355	4,792
Intangible assets		54,055	64,171
Goodwill		97,597	97,597
Interests in associates		2,346,909	2,334,650
Interests in joint ventures		1,012,855	994,557
Financial instruments at fair value through profit or loss (“FVTPL”)		98,938	160,879
Financial instruments at fair value through other comprehensive income (“FVTOCI”)		722,804	1,230,892
Deferred tax assets		3,667,019	3,909,149
Loan receivables		228,888	243,921
Restricted bank deposits		752,808	640,670
Deposits, prepayment and other receivables		2,793,379	2,841,274
Total non-current assets		109,625,864	110,300,284
Current assets			
Inventories		46,421	53,065
Loan receivables		1,741,784	1,818,274
Financial instruments at FVTPL		7,205	144,634
Account receivables	13	556,764	585,204
Note receivables		8,356	14,126
Contract assets		877,487	1,008,634
Deposits, prepayment and other receivables		1,558,435	1,557,162
Bank balances and cash		3,221,962	3,153,986
Total current assets		8,018,414	8,335,085
Total assets		117,644,278	118,635,369

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	Notes		
Current liabilities			
Trade and other payables	14	18,123,235	18,791,802
Rental and service fee received in advance		553,838	730,600
Contract liabilities		674,661	749,289
Tax payables		171,954	178,161
Lease liabilities		516,175	601,377
Bank and other borrowings	15	5,371,952	6,016,153
Other current liabilities		72,724	72,908
Bonds		1,786,477	1,790,841
Total current liabilities		27,271,016	28,931,131
Net current liabilities		(19,252,602)	(20,596,046)
Total assets less current liabilities		90,373,262	89,704,238
Non-current liabilities			
Deferred tax liabilities		13,389,476	13,774,518
Bank and other borrowings	15	24,802,443	21,247,400
Lease liabilities		1,493,272	1,624,283
Other payables		466,399	472,937
Deferred income		157,650	160,612
Contract liabilities		373,037	414,245
Other non-current liabilities		669,422	705,692
Total non-current liabilities		41,351,699	38,399,687
Net assets		49,021,563	51,304,551
Equity			
Share capital	16	4,354,733	4,354,733
Reserves		41,702,524	43,843,517
Equity attributable to owners of the Company		46,057,257	48,198,250
Non-controlling interests		2,964,306	3,106,301
Total equity		49,021,563	51,304,551

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. GENERAL INFORMATION

The Company was incorporated in the People's Republic of China (the “**PRC**”) on 6 January 2011 as a sino-foreign joint stock limited company under the PRC laws upon the conversion of Shanghai Red Star Macalline Enterprise Management Company Limited (上海紅星美凱龍企業管理有限公司), a company with limited liability incorporated in the PRC. In the opinion of the directors of the Company, Xiamen C&D Inc. (廈門建發股份有限公司) (“**Xiamen C&D**”, a company listed on the Shanghai Stock Exchange (A Share Stock Code: 600153)) exercises control over the Company and is the parent company of the Company. State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會) is the ultimate controlling shareholder of the Company.

The H shares of the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in June 2015 and the A shares of the Company were listed on the Shanghai Stock Exchange in January 2018.

The principal activities of the Company and its subsidiaries (collectively the “**Group**”) are operating and managing home furnishing shopping malls. The Group is also involved in pan home furnishings consumption, including internet home decoration, internet retail etc..

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION

2.1 Basis of measurement

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) as well as the applicable disclosure requirements to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

2.2 Going concern

The Group incurred loss of RMB2,108,206 thousand for the period ended 30 June 2025, and the Group had net current liabilities of RMB19,252,602 thousand as at 30 June 2025.

In view of such circumstances, the directors of the Company continue to implement a series of plans and measures to improve the Group's liquidity and financial position, which include but not limited to the following:

- The management had assessed the ongoing operations of the Group for the 12 months starting from 1 July 2025, and after taking into account unutilised bank facilities granted to the Group and the Group's expected operating cash inflows and financing arrangements as of 30 June 2025, believed that the liquidity risks that the Group is exposed to due to the fact that it has net current liabilities at 30 June 2025 fall within the range of controllable risks, and thus will not have material effects on the ongoing operations and financial position of the Group.
- Continuing to negotiate with banks and financial institutions for financing.

The directors of the Company are therefore of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value 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 liabilities as current assets and liabilities, respectively.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Other than additional/change in accounting policies resulting from application of amendments to IFRS Accounting Standard, 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 presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Amendments to IFRS Accounting Standard that are mandatorily effective for the current period

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standard issued by the IASB, 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:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to IFRS Accounting Standard 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.

4. SEGMENT INFORMATION AND REVENUE

The Group is organised into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the Chairman of the Company) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 are identified as the following four business units:

Owned/leased Portfolio Shopping Malls: this segment derives revenue from leasing floor areas to the merchants and providing comprehensive and continuous operation and management support to them.

Managed Shopping Malls: this segment derives revenue from providing initiation, consultation and management services to the Group's partners and the construction contractors to develop and manage the shopping malls under the Group's own brand.

Construction and decoration services: this segment derives revenue from providing construction and decoration services.

Others: this segment derives revenue from providing other comprehensive service to the customers, including joint marketing, strategy consultation, retail sales of goods, cleaning services and internet services, etc..

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned/incurred by each segment without allocation of other incomes, other gains or losses, research and development expenses, changes in fair value of investment properties, impairment loss under expected credit losses model, share of results of associates, share of results of joint ventures, finance costs, central administrative expenses and income tax (expenses)/credit. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment. No operating segments have been aggregated in arriving at reportable segment of the Group.

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Owned/ Leased Portfolio Shopping Malls RMB'000	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2025 (Unaudited)					
Segment revenue from external customers	2,450,706	609,371	103,613	173,386	3,337,076
Segment profit/(loss)	1,215,547	85,887	(27,089)	(8,550)	1,265,795
Unallocated:					
Other income					72,575
Other gains or losses, net					9,011
Central administrative expense					(18,338)
Research and development expenses					(3,247)
Change in fair value of investment properties, net					(2,274,001)
Impairment losses under expected credit loss model, net of reversal					(116,365)
Share of results of associates, net					70,911
Share of results of joint ventures, net					18,298
Finance cost, net					(1,095,295)
Loss before tax					<u>(2,070,656)</u>

	Owned/ Leased Shopping Malls <i>RMB'000</i>	Managed Shopping Malls <i>RMB'000</i>	Construction and decoration services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2024 (Unaudited)					
Segment revenue from external customers	2,903,166	827,466	212,098	282,132	4,224,862
Segment profit/(loss)	1,572,817	66,409	(18,963)	35,250	1,655,513
Unallocated:					
Other income					99,943
Other gains or losses, net					(273,992)
Central administrative expense					(21,657)
Research and development expenses					(7,339)
Change in fair value of investment properties, net					(1,177,523)
Impairment losses under expected credit loss model, net of reversal					(474,770)
Share of results of associates, net					1,515
Share of results of joint ventures, net					(37,689)
Finance cost, net					(1,300,450)
Loss before tax					<u>(1,536,449)</u>

The revenue of sales set out as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	861,311	1,310,547
Rental and related revenue	<u>2,475,765</u>	<u>2,914,315</u>
	<u>3,337,076</u>	<u>4,224,862</u>

The following is an analysis of operating income from contracts with customers:

	Managed Shopping Malls <i>RMB'000</i>	Construction and decoration services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2025 (Unaudited)				
Principal operating region				
Mainland China	609,371	103,613	148,327	861,311
Timing of revenue recognition				
A point in time				
Revenue from sales of goods	–	5,038	6,721	11,759
Other revenues	–	15,539	27,022	42,561
Over-time				
Revenue from operation and management services	609,371	–	–	609,371
Revenue from construction services	–	79,667	–	79,667
Revenue from decoration services	–	3,369	–	3,369
Other revenues	–	–	114,584	114,584
Total	609,371	103,613	148,327	861,311
Six months ended 30 June 2024 (Unaudited)				
Principal operating region				
Mainland China	827,466	212,098	270,983	1,310,547
Timing of revenue recognition				
A point in time				
Revenue from sales of goods	–	–	16,225	16,225
Other revenues	–	–	49,714	49,714
Over-time				
Revenue from operation and management services	827,466	–	–	827,466
Revenue from construction services	–	167,414	–	167,414
Revenue from decoration services	–	44,684	–	44,684
Other revenues	–	–	205,044	205,044
Total	827,466	212,098	270,983	1,310,547

Geographic information

All the revenue and operating results of the Group are derived from the PRC based on location of the operations.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
The PRC	103,615,597	103,512,056
The Cayman Islands	86,091	91,804
	<u>103,701,688</u>	<u>103,603,860</u>

5. OTHER INCOME

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest income on		
– bank deposits	5,028	8,116
– other loans and receivables	15,765	59,773
Total interest income	20,793	67,889
Government grants	32,194	14,366
Subsidy for land supporting expense and subsidy for gas-fired air conditioning equipment	2,962	2,924
Dividend income from financial instruments at FVTOCI	3,564	6,798
Dividend income from financial instruments at FVTPL	7,483	800
Income from default compensation	941	468
Income from project termination	4,638	6,698
	<u>72,575</u>	<u>99,943</u>

6. OTHER GAINS OR LOSSES, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain on disposal of associates and joint ventures	12,300	12,994
Gain/(loss) on disposal of financial instruments at FVTPL	5,093	(2,450)
Gain on disposal of property, plant and equipment	13,567	591
(Loss)/gain on lease modification	(10,485)	24,257
Fair value change on financial instruments at FVTPL	(53,849)	(85,531)
Charitable donations	–	(30)
Compensation expenses	(4,954)	(13,191)
Written off of property, plant and equipment	(900)	(5,025)
Written off of intangible assets	–	(771)
Write-down of inventories	–	(71,857)
Exchange gain/(loss)	4,294	(15,182)
Others (<i>note</i>)	43,945	(117,797)
	9,011	(273,992)

Note:

For the six months ended 30 June 2024, other losses mainly included losses incurred by the Group due to the termination of projects and other matters.

7. FINANCE COST

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	1,006,536	1,172,710
Interest on lease liabilities	41,082	77,426
Interest on bonds	47,677	50,916
	1,095,295	1,301,052
Less: amount capitalised in the cost of qualifying assets	–	(602)
	1,095,295	1,300,450

8. INCOME TAX

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Income tax expenses/(credit) comprise:		
Current tax:		
PRC enterprise income tax	105,713	235,624
Deferred tax – current period	<u>(68,163)</u>	<u>(348,817)</u>
Income tax expenses/(credit)	<u>37,550</u>	<u>(113,193)</u>

9. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after crediting/(charging):		
Staff costs (including directors emoluments)		
Salaries and other benefits	778,325	961,922
Retirement benefits scheme contributions	<u>80,270</u>	<u>95,508</u>
Total staff costs	<u>858,595</u>	<u>1,057,430</u>
Cost of inventories recognised as an expense	8,060	21,879
Depreciation of property, plant and equipment	77,263	103,729
Depreciation of right-of-use assets	1,489	2,905
Amortisation of intangible assets	13,695	19,530
Advertising and promotional expenses	<u>222,904</u>	<u>271,788</u>
Gross rental income from investment properties	(2,475,765)	(2,914,315)
Less: Direct operating expenses incurred for investment properties	<u>599,278</u>	<u>641,727</u>
	<u>(1,876,487)</u>	<u>(2,272,588)</u>

10 DIVIDEND

The Board resolved that no interim dividend will be declared in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

11. LOSS PER SHARE

The calculation of basic and diluted loss per share as of 30 June 2025 and 2024 is based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB	RMB
	(Unaudited)	(Unaudited)
Basic and diluted loss per share	(0.45)	(0.31)

The basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares.

There was no dilutive potential ordinary shares outstanding for the six months ended 30 June 2025 (Six months ended 30 June 2024: nil). Accordingly, the diluted loss per share is same as basic loss per share for the six months ended 30 June 2025.

As of 30 June 2025 and 2024, the calculation of basic and diluted loss per share is detailed as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Loss</i>		
Net loss for the period attributable to owner of the Company (RMB'000)	(1,954,786)	(1,336,774)
<i>Number of the ordinary shares</i>		
Weighted average number of the ordinary shares of the Company ('000)	4,354,733	4,354,733

12. INVESTMENT PROPERTIES

	Completed Investment properties <i>RMB'000</i>	Properties under construction <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
Fair value				
As at 1 January 2024 (Audited)	85,813,199	9,103,000	3,564,001	98,480,200
Additions	543,293	33,853	44,783	621,929
Lease modification	–	–	(1,178,058)	(1,178,058)
Transfer from construction in progress	495,000	(495,000)	–	–
Transfer from property, plant and equipment and inventory	59,151	–	–	59,151
Changes in fair value	(1,760,443)	(342,853)	(775,726)	(2,879,022)
As at 31 December 2024 and 1 January 2025 (Audited)	85,150,200	8,299,000	1,655,000	95,104,200
Additions	75,105	1,294	–	76,399
Lease modification	–	–	(33,554)	(33,554)
Transfer from property, plant and equipment and inventory	373,797	–	–	373,797
Disposal	(15,927)	–	–	(15,927)
Acquisition of subsidiaries (note 18)	2,378,286	–	–	2,378,286
Changes in fair value	(1,992,261)	(96,294)	(185,446)	(2,274,001)
As at 30 June 2025 (Unaudited)	85,969,200	8,204,000	1,436,000	95,609,200

13. ACCOUNT RECEIVABLES

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Account receivables	2,145,211	2,150,467
Less: provision of expected credit loss	(1,588,447)	(1,565,263)
	556,764	585,204

An ageing analysis of the account receivables as at the end of the reporting period, based on the invoice date and net of expected credit loss, is as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Within 1 year	397,468	479,448
1 to 2 years	325,142	292,672
2 to 3 years	269,030	207,154
Over 3 years	1,153,571	1,171,193
Less: provision of expected credit loss	(1,588,447)	(1,565,263)
	556,764	585,204

14. TRADE AND OTHER PAYABLES

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Trade payables (<i>note a</i>)	<u>1,283,357</u>	<u>1,402,974</u>

Note:

(a) An aging analysis of the trade payables as at the end of the reporting period is as follow:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Within 1 year	611,097	437,320
1 to 2 years	234,647	492,452
2 to 3 years	203,543	236,228
Over 3 years	<u>234,070</u>	<u>236,974</u>
	<u>1,283,357</u>	<u>1,402,974</u>

15. BANK AND OTHER BORROWINGS

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Bank and other borrowings:		
Secured	24,039,281	23,594,412
Unsecured	10,011	67,185
Commercial mortgage-backed securities	<u>6,125,103</u>	<u>3,601,956</u>
	<u>30,174,395</u>	<u>27,263,553</u>
Less: Current portion	<u>(5,371,952)</u>	<u>(6,016,153)</u>
Non-current portion	<u>24,802,443</u>	<u>21,247,400</u>
Fixed-rate borrowings	16,095,038	13,680,480
Floating-rate borrowings	<u>14,079,357</u>	<u>13,583,073</u>
	<u>30,174,395</u>	<u>27,263,553</u>

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
The borrowings are repayable:		
Within one year or on demand	5,371,952	6,016,153
More than one year but not exceeding two years	7,748,165	6,705,318
More than two years but not exceeding five years	12,213,592	9,181,876
More than five years	4,840,686	5,360,206
	30,174,395	27,263,553
Less: Amount due within one year shown under current liabilities	(5,371,952)	(6,016,153)
Amount due after one year	24,802,443	21,247,400

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 30 June 2025 %	As at 31 December 2024 %
	(Unaudited)	(Audited)
Bank borrowings:		
Fixed rate bank borrowings	3.70-10.00	3.10-10.00
Floating rate bank borrowings	3.50-6.80	3.55-6.80

The floating rate bank borrowings are arranged at the interest rate based on benchmark interest rates of the People's Bank of China.

The Group's bank and other borrowings are denominated in RMB.

16. SHARE CAPITAL

The movements to the Company's issued share capital during the period ended 30 June 2025 is as follows:

	H Shares Number of shares '000	A Shares Number of shares '000	Share capital <i>RMB'000</i>
As at 1 January 2025 (audited), 30 June 2025 (unaudited)	741,286	3,613,447	4,354,733

All shares issued are of par value RMB1.

17. COMMITMENTS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Contracted but not provided for in the condensed consolidated financial statements:		
Capital expenditure in respect of acquisition and construction of investment properties contracted for but not provided in the condensed consolidated financial statements	720,465	724,752
Investment commitments	69,225	233,115
	789,690	957,867

18. ACQUISITION OF SUBSIDIARIES

- (1) Yantai Red Star International Home Management Co., Ltd (煙台紅星國際家居管理有限公司) (“**Red Star Yantai**”) and its subsidiaries

On 7 May 2025, the Group acquired 100% interest in Red Star Yantai at a cash consideration of RMB980,000 thousand. Red Star Yantai and its subsidiaries is primarily engaged in operation and management of two Red Star Macalline pan-home furnishing shopping malls located in Tianjin.

- (2) Tangshan Fengnan Property Project

On 16 April 2025, the Group acquired 54.62% equity interest in the Tangshan Fengnan Property Project in exchange for the transfer of a receivable with a fair value of RMB30,000 thousand. The companies under the Tangshan Fengnan Property Project include Tangshan Feikai Real Estate Development Co., Ltd. (唐山斐凱房地產開發有限公司), Baoding Feining Network Technology Co., Ltd. (保定斐寧網路科技有限公司), Baoding Feijun Network Technology Co., Ltd. (保定斐雋網路科技有限公司), Baoding Feimin Environmental Technology Co. Ltd. (保定斐珣環保科技有限公司), and Baoding Feibin Environmental Technology Co., Ltd. (保定斐斌環保科技有限公司) (collectively referred to as the “**Tangshan Fengnan Property Project Companies**”). Prior to this transaction, the Group held 45.38% equity interest in the Tangshan Fengnan Property Project. Upon completion of the exchange, the Group’s equity stake in the Tangshan Fengnan Property Project Companies increased to 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

– FINANCIAL REVIEW

1. Revenue

During the Reporting Period, the Group's revenue amounted to RMB3,337.1 million, representing a decrease of 21.0% from RMB4,224.9 million in the same period in 2024. During the Reporting Period, the rental and related income of our Portfolio Shopping Malls decreased by 15.6%, which was mainly due to the increase in the number of the preferential treatments provided by the Company for stabilizing and retaining tenants in order to support the continued operation of the tenants. During the Reporting Period, the revenue from our Managed Shopping Malls decreased by 26.4% as compared to the same period in 2024, mainly due to the decrease in the number of Managed Shopping Malls. Meanwhile, the revenue from construction and decoration services and other revenue have declined by varying degrees as compared to the same period in 2024.

The following table sets forth our revenue by segments:

	For the six months ended 30 June			
	2025 (Unaudited)		2024 (Unaudited)	
	RMB'000	%	RMB'000	%
Owned/Leased Portfolio				
Shopping Malls	2,450,706	73.4	2,903,166	68.7
Managed Shopping Malls	609,371	18.3	827,466	19.6
Construction and decoration services	103,613	3.1	212,098	5.0
Others	173,386	5.2	282,132	6.7
Total	<u>3,337,076</u>	<u>100.0</u>	<u>4,224,862</u>	<u>100.0</u>

2. Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit was RMB2,210.0 million, representing a decrease of 21.0% from RMB2,797.4 million in the same period in 2024; the Group's integrated gross profit margin was 66.2%, which is same as that of the period in 2024.

The following table sets forth our gross profit margin by business segments:

	For the six months ended	
	30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Owned/Leased Portfolio Shopping Malls	75.5%	77.9%
Managed Shopping Malls	43.2%	40.5%
Construction and decoration services	5.4%	20.9%
Others	51.7%	55.4%
	<hr/>	<hr/>
Total	66.2%	66.2%
	<hr/> <hr/>	<hr/> <hr/>

3. Selling and distribution expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to RMB366.3 million (accounting for 11.0% of the revenue), representing a decrease of 20.9% from RMB463.2 million (accounting for 11.0% of the revenue) for the same period in 2024, which was primarily due to the decrease in advertising and promotional expenses, energy and maintenance expenses and staff cost in the 1H 2025.

4. Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB596.2 million (accounting for 17.9% of the revenue), representing a decrease of 14.9% from RMB700.4 million (accounting for 16.6% of the revenue) in the same period in 2024, which was primarily due to the decrease in staff cost and office expenses in the 1H 2025.

5. Finance cost

During the Reporting Period, the Group's finance cost amounted to RMB1,095.3 million, representing a decrease of 15.8% from RMB1,300.5 million in the same period in 2024, which was primarily due to the further decrease in relevant financing costs during the Reporting Period.

6. Income tax

During the Reporting Period, the income tax expenses of the Group amounted to RMB37.6 million, representing an increase of 133.2% from income tax credit RMB113.2 million in the same period in 2024, which was mainly due to the increase in deferred tax during the Reporting Period.

7. Total loss for the period attributable to owners of the Company, core net loss attributable to owners of the Company and loss per share

During the Reporting Period, total loss for the period attributable to owners of the Company amounted to RMB1,954.8 million, representing an increase of 46.2% from the total loss for the period attributable to owners of the Company of RMB1,336.8 million in the same period in 2024; the core net loss attributable to owners of the Company amounted to RMB393.9 million, representing an increase of 2.6% from the core net loss attributable to owners of the Company amounted to RMB383.8 million in the same period in 2024.

	For the six months ended 30 June		
	2025	2024	Increase/Decrease
	<i>RMB'000</i>	<i>RMB'000</i>	
	(Unaudited)	(Unaudited)	
Total loss for the period attributable to owners of the Company	(1,954,786)	(1,336,774)	46.2%
Loss margin for the period attributable to owners of the Company	-58.6%	-31.6%	an increase of 27 percentage points
Core net loss attributable to owners of the Company	(393,939)	(383,784)	2.6%
Core net loss margin attributable to owners of the Company	-11.8%	-9.1%	an increase of 2.7 percentage points

During the Reporting Period, the Group's loss per share was RMB0.45, as compared to loss per share of RMB0.31 in the same period of 2024.

8. Accounts receivable

As of the end of the Reporting Period, the book value of accounts receivable of the Group amounted to RMB556.8 million (including the balance of accounts receivable of RMB2,145.2 million and the bad debt allowance of RMB1,588.4 million), representing a decrease of RMB28.4 million from RMB585.2 million as at the end of 2024.

9. Investment properties and loss on fair value changes

As of the end of the Reporting Period, the book value of the Group's investment properties amounted to RMB95,609.2 million, representing an increase of RMB505.0 million from RMB95,104.2 million as at the end of 2024. During the Reporting Period, the Group acquired new properties of RMB2,454.7 million and incurred fair value change losses of RMB2,274.0 million. This was mainly due to the Group's merchant retention and support incentives aimed at sustaining their operations during the Reporting Period.

10. Capital expenditure

During the Reporting Period, the Group's capital expenditure amounted to RMB137.9 million (the same period in 2024: RMB194.9 million), which mainly includes purchase expenditure of investment properties and construction development expenditure. The expenditure in 2025 decreased by 29.2% as compared with the same period in 2024, mainly because the Group has effectively controlled capital expenditures during the Reporting Period.

11. Bank Balances and Cash and Cash Flow

As of the end of the Reporting Period, the cash and bank balances of the Group amounted to RMB3,222.0 million (of which, the balance of cash and cash equivalents amounted to RMB3,181.9 million), representing an increase of RMB68.0 million from RMB3,154.0 million (of which, the balance of cash and cash equivalents amounted to RMB3,111.8 million) as at the end of 2024 (of which, the balance of cash and cash equivalents representing an increase of RMB70.1 million).

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash flow generated from/(used in) operating activities	201,887	(821,266)
Net cash flow used in investment activities	(946,418)	(113,067)
Net cash flow generated from financing activities	814,594	780,991
Impact of exchange rate changes on cash and cash equivalents	(32)	(218)
Net increase/(decrease) in cash and cash equivalents	70,031	(153,560)

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB201.9 million, representing an increase in net inflow of RMB1,023.2 million from a net cash outflow of RMB821.3 million in the same period of 2024, mainly due to the decrease in operating cash outflow during the Reporting Period.

During the Reporting Period, the Group's net cash outflow from investment activities amounted to RMB946.4 million, representing an increase in net outflow of RMB833.3 million from a net cash outflow of RMB113.1 million in the same period of 2024. It was primarily due to an increase payment for acquisition of subsidiaries during the Reporting Period as compared with the same period of the previous year.

During the Reporting Period, the Group's net cash inflow from financing activities amounted to RMB814.6 million, representing an increase in net inflow of RMB33.6 million from a net cash inflow of RMB781.0 million in the same period of 2024, mainly due to the decrease in cash paid for interest during the Reporting Period.

12. Major debt ratios

	As at 30 June 2025 (Unaudited)	As at 31 December 2024 (Audited)
Asset-liability ratio ⁽¹⁾	58.3%	56.8%
Net gearing ratio ⁽²⁾	62.7%	54.8%

Notes:

- (1) Asset-liability ratio is calculated as the total liabilities divided by total assets as at the end of each period.
- (2) Net gearing ratio means interest-bearing liabilities (including short-term borrowings, long-term borrowings, bond payables, financial lease payables, and commercial mortgage-backed securities payables) less cash and bank balances and then divided by the total equity at the end of each period.

13. Collateralized and pledged assets

As of the end of the Reporting Period, the Group had collateralized/pledged investment properties, fixed assets with a total book value of RMB82,618.9 million, and interests in joint ventures and restricted cash and bank balances with a total book balance of RMB507.1 million for obtaining loans, the balance of such loans is RMB31,950.9 million; the Group holds restricted cash and bank with a balance of RMB410.6 million for deposit reserve placed with the central bank, etc.

14. Contingent liabilities

There is no contingent liability at the end of the Reporting Period.

15. Financial resources

In the future, the main sources of capital of the Group will be from cash generated from our operating activities, bank borrowings, issuance of bonds and share capital contributions from shareholders. To ensure that the capital of the Group is effectively utilized, the Group will continue to regularly monitor its liquidity needs, comply with its financing agreements and maintain sufficient cash reserves and appropriate credit limits so as to meet its liquidity demand.

16. Material acquisitions and disposals of subsidiary, associates and joint ventures

There is no material acquisitions and disposals of subsidiary, associates and joint ventures during the Reporting Period.

17. Capital commitment

As of the end of the Reporting Period, the amount of capital expenditure in respect of the acquisition and development of investment properties which the Group has contracted for but not recognized in the financial statements was RMB720.5 million. In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contributing funds for development of investment properties jointly with the partners amounted to RMB69.2 million.

18. Foreign exchange risk

As at the end of the Reporting Period, financial assets and liabilities denominated in currencies other than the functional currency of the Group mainly included USD-denominated note, and certain deposits denominated in other currencies. To manage these additional foreign exchange risk exposures, the management of the Group has actively adopted relevant risk control measures, including selecting appropriate forward contracts and currency swaps and other foreign debt hedging instruments, enhancing internal control awareness and strategies, increasing discussion with international banks and closely monitoring and anticipating trends of foreign exchange market, in order to be prepared to hedge our risk in a timely manner. We believe that foreign exchange risks related to such assets and liabilities denominated in other currencies will not have material impacts on operating results of the Group.

19. Significant investment

During the Reporting Period, the Group did not have any significant investment. As of the date of this announcement, the Group does not have any plan for material investments.

20. Human resources

As of the end of the Reporting Period, the Group had 10,037 employees (the same period in 2024: 13,145 employees). The Group entered into labor contracts with employees according to the Labor Law of the People's Republic of China and the relevant provisions of the employee's locality. The Group will determine the employees' basic wage and bonus level according to the employees' performance, work experience and the market wage standard, and shall pay social insurance and housing provident fund for the employees. During the Reporting Period, the Group paid a total of RMB858.6 million for salary expenditure (the same period in 2024: RMB1,116.6 million). Meanwhile, the Group also kept investing resources to provide various education and training opportunities for its employees, aiming to standardize the management work and improve the operation performance, and continuously improved the knowledge and technical competence as well as professional practice competence of the employees.

- 21.** In the first half of 2025, affected by multiple reasons, the home furnishing and building materials industry has faced the dual challenges of supply fluctuations and declining demand, resulting in weakened demand in the home furnishings retail market. Therefore, the current operations of shopping malls have been impacted on a temporary basis. As a leading enterprise in the home furnishing retail sector, the Company implemented partial rent and management fee reductions for small and medium-sized enterprises to support their stable development. Concurrently, the Company proactively adjusted its strategies and the layout of mall categories, attracting high-quality brands such as designers, home decoration companies, and new energy vehicle brands with favorable commercial terms. These combined factors have led to a certain degree of decline in current mall occupancy rates and rental levels compared to historical averages, affecting the value of the Company's investment properties. With the solid implementation of a series of stimulus policies introduced by multiple national ministries and commissions – such as lowering mortgage rates, further expanding the rollout of large-scale equipment upgrades, and promoting the consumer goods trade-in policy, the high-quality development of the industry in which the Company operates will receive new round of support, and relevant consumption demand is expected to rebound from the bottom. The Company will seize the opportunities arising from industry development, strive to improve operational efficiency, and enhance business performance.

As of June 30, 2025, the Company operated 76 Portfolio Shopping Malls with an average occupancy rate of 84.2%, and 235 Managed Shopping Malls with varying degrees management depth with an average occupancy rate of 81.3%, and 7 home furnishing malls through strategic cooperation. In addition, the Company has opened 23 franchised home improvement materials projects encompassing 369 home improvement material stores/industry streets. Its operations span 189 cities across 30 provinces, municipalities and autonomous regions in China, with a total operating area of shopping malls of 19,361,762 sq.m.

During the reporting period, the Company advanced its “3+ Star Ecosystem” strategy focused on “home” as the core. Expanding from home furnishings to home appliances and home improvements. These three sectors are interconnected as extensions, entry points, and growth drivers for jointly creating quality products, excellent services, and innovative scenario values. The integration of business models is accelerating. In high-end electrical appliances business, as of the end of June 2025, the Company’s electrical appliance operating area accounted for 9.4% of the total operating area. The Company plans to establish 40 high-end electrical appliance ecosystem benchmarks nationwide over the next three years, aiming for “Mega-E Smart Electricity Green Oasis” of one benchmark per city. For the home improvement business, as of the end of June 2025, Red Star Macalline’s M+ Design Centers have developed 731,000 sq.m. of space, introduced over 1,000 design studios, and collaborated with nearly 5,000 outstanding designers, demonstrating significant scale effects in the design ecosystem. In the emerging business sector of new energy vehicles, as of the end of the Reporting Period, the vehicle business has expanded to 50 malls across 44 cities, collaborating with over 30 brands and occupying an operating area of 261,000 sq.m., representing an increase in operating area of 97,000 sq.m. as compared to that at the end of 2024.

The Company actively responded to and deeply aligned with the national “trade-in” policy. Leveraging the localized service capabilities of 11 pre-deployed regional subsidiaries in cities including Shenyang, Wuhan, Chongqing, and Xiamen, the Company was able to effectively implement the “dual-subsidy model (government subsidies + corporate discounts)” nationwide. In the first half of this year, the national shopping malls processed 743,000 trade-in orders and generated a sales amount of RMB7.31 billion, of which the central government subsidies of RMB1.17 billion, accounting for approximately 16% of total sales, demonstrating significant industry leader clustering effects.

The Company’s digital-intelligent transformation focuses on four key domains: “strategic business support”, “process efficiency enhancement”, “model-driven approaches”, and “intelligent applications.” Through system delivery, process optimization, data modeling, and AI technology applications, the transformation comprehensively empowers business growth and improves management effectiveness.

In terms of marketing and operations, the Company deepened the integration of online and offline channels, adopting holistic user traffic management and upgrading its online traffic matrix to engage young consumers. By leveraging Douyin (TikTok)’s local lifestyle channel with billions of traffic, distributing Xiaohongshu traffic vouchers, and collaborating with platforms like Meituan, Amap, and Tmall’s “Local Station,” the Company combined large-scale livestreaming events featuring top streamer and 10,000 Top Shopping Guides Live Streaming to build a closed-loop system of “online engagement-offline experience”. Offline initiatives strengthened the trade-in program through joint brand marketing campaigns with government-enterprise dual subsidies, enabling brands, merchants, and consumers to share policy benefits via localized services. The Company launched an “Extensive Property Service Program”, integrating upstream and downstream resources to penetrate the “last mile” of service. By targeting residential projects through grid-based expansions, such as partnerships with developers like C&D Real Estate and Lianfa Group, and integrating M+ Center design services, the Company created tailored home improvement packages and benefits, offering one-stop exclusive home improvement services for homeowners. It also co-build a home service system and brought “Hassle-Free Renewal” experience by expanding after-sales services, including a series of home services such as home appliance cleaning, home maintenance, and air quality treatments, while deepening community engagement through reputation-driven repeat purchases.

22. Outlook and prospects

The Group consistently assumes the responsibility of “building cozy and harmonious homes and improving quality of consumption and home life”. The Group will continue to follow the operational management mode of “market-oriented operation and shopping mall-based management” to provide consumers with better and more professional services. The Group will consolidate our leading position in the market as well as the professional status of “Red Star Macalline” as an expert of home life in our consumers’ minds, to pursue our enterprise development goal of growing into China’s most advanced and professional “omni-channel platform service provider for home decoration and furnishing industry”.

Our future development plans are as follows:

1. We will continue our transformation towards an “asset-light and operation-heavy” model, and further strengthen the market leadership;
2. We will carry out home decoration track, and build up consumers’ image;
3. We will promote the development of new retail and empower shopping mall operations;
4. We will strengthen financial management to achieve high-quality development;
5. We will continue to improve corporate governance of the Company, standardize our operation and implement social responsibilities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is a sino-foreign joint stock company incorporated in the PRC with limited liability under the Company Law of the PRC on 6 January 2011. The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 26 June 2015. The Company's A shares were listed on the Shanghai Stock Exchange on 17 January 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Company has complied with the principle and code provisions of the Corporate Governance Code during the Reporting Period.

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors and the supervisors of the Company (the "**Supervisors**") on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. The Company has conducted specific enquiries to all Directors and Supervisors and all Directors and Supervisors have confirmed that they had complied with all the provisions and standards set out in the Model Code during the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Group did not purchase, sell or redeem any listed securities of the Company (including any sales of treasury shares) during the six months ended 30 June 2025. As at 30 June 2025, the Company held 1,044,800 treasury shares in A Shares (the “**Treasury A Shares**”). The Treasury A Shares will be reserved exclusively for the employee stock ownership plan or share incentive plan of the Company. If the Company fails to implement the aforementioned purposes within the period prescribed by laws and regulations, the Treasury A Shares will be cancelled.

INTERIM DIVIDEND

The Board does not recommend payment of dividend for the six months ended 30 June 2025.

PUBLIC ISSUANCE OF A SHARES AND USE OF PROCEEDS

A shares of the Company were listed and traded on the Shanghai Stock Exchange on 17 January 2018 (Stock Code: 601828) at the issue price of RMB10.23 per share with an issuance size of 315,000,000 shares. The total proceeds raised from this offering was RMB3,222,450,000.00, and the net proceeds raised (after deducting the issuing expenses of A shares of RMB172,442,150.37) was RMB3,050,007,849.63. The net amount raised per subscribed share is RMB9.68 per share, and the closing price per share on the date of listing was RMB14.42. For details, please refer to the announcements of the Company dated 2 January 2018, 16 January 2018, 7 February 2018, 7 September 2018 and 1 April 2024 and the circular of the Company dated 29 April 2024, the Company has utilized the net proceeds in accordance with the purposes as disclosed.

Analysis of the use of proceeds from issuance of A shares as of 30 June 2025 is as follows:

Unit: RMB'000

Total amount of funds raised	3,222,450
Issuance expense	172,442
Net funds raised	<u><u>3,050,008</u></u>

Proposed investment projects	Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Total investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
Home furnishing shopping mall construction project							
Tianjin Beichen Shopping Mall Project	245,137	245,137	-	-	245,137	-	Fully invested
Hohhot Yuquan Shopping Mall Project	76,825	76,825	-	-	76,825	-	Fully invested
Dongguan Wanjiang Shopping Mall Project	164,145	164,145	-	-	164,145	-	Fully invested
Harbin Songbei Shopping Mall Project	294,809	294,809	-	-	294,809	-	Fully invested

Proposed investment projects	Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Total investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
Urumqi Convention and Exhibition Mall Project ⁽²⁾⁽³⁾	669,084	666,733	–	–	666,733	–	Fully invested
Changsha Jinxia Shopping Mall Project ⁽²⁾⁽³⁾	190,000	163,181	16,943	–	146,238	16,943	Concluded. The Company is expected to fully utilize the aforesaid outstanding amounts by 31 December 2026 in accordance with the requirements of the Listing Rules.
Xining Expo Shopping Mall Project	110,000	110,000	–	–	110,013 ⁽¹⁾	–	
New Intelligent Home Furnishing Shopping Mall Project ⁽²⁾⁽³⁾	400,000	117,276	124	–	117,152	124	Terminated. The Company is expected to fully utilize the aforesaid outstanding amounts by 31 December 2026 in accordance with the requirements of the Listing Rules.
Repayment of bank loans	400,000	400,000	–	–	400,000	–	Fully invested
Supplement of liquidity	150,008	150,008	–	–	150,008	–	Fully invested
Repayment of interest-bearing debts	350,000	350,000	–	–	350,000	–	Fully invested
Permanent working capital replenishment ⁽³⁾	–	311,893	271,893	333,000	373,000	–	Fully invested
Total	3,050,008	3,050,008	288,960	333,000	3,084,060	17,067	

Notes:

- (1) Including the interest generated from the proceeds account and used for the project.
- (2) References are made to the announcements of the Company dated 1 April 2024, 23 May 2024 and the circular of the Company dated 29 April 2024. The resolution concerning the conclusion, extension, suspension and termination of investment projects with partial proceeds of the Company's A shares (the "**Resolution**") was considered and approved at the third meeting of the fifth session of the Board, the third meeting of the fifth session of the Supervisory Committee and the 2023 annual general meeting of the Company. Pursuant to the Resolution, Changsha Jinxia Shopping Mall Project had been concluded after the approval of the shareholders at the 2023 annual general meeting and the New Intelligent Home Furnishing Shopping Mall Project had been terminated after the approval of the shareholders at the 2023 annual general meeting, and the remaining proceeds from the aforesaid projects are used as general working capital (the actual amount is subject to the balance of the raised fund account on the day the funds are transferred out), the subsequent difference between interest income and handling fees generated by this part of the funds will also be used to as general working capital. As the construction of the Urumqi Convention and Exhibition Mall Project had been completed and opened for business operation, the remaining proceeds from the project are used as general working capital (the actual amount is subject to the balance of the raised fund account on the day the funds are transferred out), the subsequent difference between interest income and handling fees generated by this part of the funds will also be used to as general working capital.
- (3) As of 30 June 2025, the proceeds for permanent working capital replenishment from the initial public offering of A shares have been fully utilized. The total amount used for permanent working capital replenishment was RMB373,000 thousand, which included original investment amount for permanent working capital replenishment (i.e. RMB311,893 thousand) and the amount of unreplaced issuance expenses, accumulated bank deposit interest and the amount mistakenly transferred (i.e. RMB61,107 thousand). In addition, the amount to be paid for Changsha Jinxia Shopping Mall project is approximately RMB16,943 thousand and the amount to be paid for New Intelligent Home Furnishing Shopping Mall Project is RMB124 thousand.
- (4) The difference between the totals in the above table is due to rounding.
- (5) The expected timetable for use of the balance of the investment amount is based on the Board's best estimate of the market conditions of business and is subject to change in the light of market conditions. The Company will publicly disclose changes in the timetable, if any, as and when appropriate in accordance with the requirements of the relevant rules in order to update its Shareholders and potential investors.

NON-PUBLIC ISSUANCE OF A SHARES AND USE OF PROCEEDS

In September 2021, the Company issued 449,732,673 A shares to specific investors in the non-public issuance, at an issue price of RMB8.23 per share, with the total proceeds of RMB3,701,299,898.79. After deducting issuance expenses (exclusive of tax) of RMB22,936,099.50, the actual net proceeds were RMB3,678,363,799.29. For details, please refer to the announcements of the Company dated 3 May 2020, 3 June 2020, 23 June 2020, 19 April 2021, 18 May 2021, 21 October 2021 and 1 April 2024 and the circulars of the Company dated 3 June 2020, 26 April 2021 and 29 April 2024, the Company has utilized the net proceeds in accordance with the purposes as disclosed.

An analysis of the use of the proceeds from the non-public issuance of A shares as of 30 June 2025 is set out below:

Unit: RMB'000

Total Proceeds	3,701,299.9
Issuance expenses	22,936.1
Net proceeds	<u>3,678,363.8</u>

Proposed investment projects	Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
Tmall "Home Decoration Tongcheng Station" Project ⁽¹⁾⁽⁴⁾	220,000.0	–	0	–	–	0 ⁽⁴⁾	Terminated. In accordance with the requirements of the Listing Rules, the proceeds have been fully utilized.

Proposed investment projects		Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
3D Shejiyun Platform Construction Project ⁽¹⁾⁽⁴⁾		283,944.7	6,996.1	0	–	6,996.1	0 ⁽⁴⁾	Terminated. In accordance with the requirements of the Listing Rules, the proceeds have been fully utilized.
Construction Project for New Generation Home Improvement Platform System ⁽¹⁾⁽⁴⁾		350,000.0	1,581.6	0	–	1,581.6	0 ⁽⁴⁾	Terminated. In accordance with the requirements of the Listing Rules, the proceeds have been fully utilized.
Home Furnishing Shopping Mall Construction Project	Foshan Lecong Shopping Mall Project ⁽²⁾	1,000,000.0	1,000,000.0	800,000.0	–	200,000.0	800,000.0 ⁽²⁾	Discontinued (suspended), due to the relatively early stage of the construction of Foshan Lecong Shopping Mall Project, as considered at the 2023 annual general meeting, the Company discontinued (suspend) the construction of Foshan Lecong Shopping Mall Project, taking into account the fact that the Company completed the change of control and management in 2023, and coupled with that adjustments to the Company's strategic plan for its existing operations are still subject to uncertainty.
	Nanning Dingqiu Shopping Mall Project	560,000.0	560,000.0	199,651.4	–	360,348.6	199,651.4	Postponed. This project is expected to extend to December 2026
	Nanchang Chaoyang Xincheng Shopping Mall Project	160,910.0	160,910.0	–	–	160,910.0	–	Fully invested
Repayment of interest-bearing debts		1,103,509.1	1,103,509.1	–	–	1,103,509.1	–	Fully invested
Permanent working capital replenishment ⁽¹⁾⁽⁴⁾		–	845,367.0	–	–	845,367.0	–	Fully invested
Total		3,678,363.8	3,678,363.8	999,651.4	–	2,678,712.4	999,651.4	

Notes:

- (1) Reference is made to the announcements of the Company dated 1 April 2024, 23 May 2024 and the circular of the Company dated 29 April 2024, it was considered and approved the resolution concerning the conclusion, extension, suspension and termination of investment projects with partial proceeds of the Company's A shares (the "**Resolution**") at the third meeting of the fifth session of the Board, the third meeting of the fifth session of the Supervisory Committee and the 2023 annual general meeting of the Company. Pursuant to the Resolution, Tmall "Home Decoration Tongcheng Station" Project, 3D Shejiyun Platform Construction Project and Construction Project for New Generation Home Improvement Platform System had been terminated after the approval of the shareholders at the 2023 annual general meeting, and the remaining proceeds from the aforesaid project are used as general working capital.
- (2) In accordance with the requirements of the Listing Rules and the management of the Company currently expects the balance of the proceeds to be finalized by the end of 2030. The foregoing expected time assumes the Company has obtained the necessary approval for the Company's redevelopment of the overall planning proposal by the Board and the shareholders at a general meeting of the Company in accordance with the requirements of the Procedures for the Administration of Proceeds.
- (3) The difference between the totals in the above table is due to rounding.
- (4) As at 30 June 2025, the remaining amount of proceeds of RMB845,367,000 from the 2020 non-public issuance shall be used for the general working capital purpose. During the Reporting Period, the Company has fully utilized the aforementioned proceeds.
- (5) The expected timetable for use of the balance of the investment amount is based on the Board's best estimate of the market conditions of business and is subject to change in the light of market conditions. The Company will publicly disclose changes in the timetable, if any, as and when appropriate in accordance with the requirements of the relevant rules in order to update its Shareholders and potential investors.

EVENTS AFTER THE REPORTING PERIOD

Changes in Directors and Senior Management

On 11 June 2025, upon the recommendation of Xiamen C&D Inc., a shareholder of the Company, and the approval of the nomination committee of the Board, the Company convened the 39th extraordinary meeting of the fifth session of the Board, and considered and approved the Resolution on the Appointment of Ms. YE Yanliu as a Non-executive Director of the Fifth Session of the Board. Ms. YE Yanliu was nominated as a non-executive Director of the fifth session of the Board. Following her election as a non-executive Director, Ms. YE Yanliu will serve as a member of each of the strategy and investment committee, nomination committee and remuneration and evaluation committee of the Board. Her term of office shall commence from the date of approval by the general meeting until the expiration of the term of the fifth session of the Board. Such matter was considered and approved at the 2025 fourth extraordinary general meeting held on 4 July 2025.

Mr. CHE Jianxing, the executive Director and general manager of the Company, has applied to the Board to resign from his position as general manager on 18 July 2025 due to personal reasons. He will continue to serve as executive Director and a member of the strategy and investment committee and the nomination committee of the Board. Based on the Company's actual operational needs, and upon nomination by the chairman and approval by the nomination committee of the Board, the Company convened the 41st extraordinary meeting of the fifth session of the Board on 18 July 2025, and considered and approved the Resolution on the Appointment of the Company's General Manager, agreed to appoint Mr. SHI Yaofeng, the executive Director and deputy general manager of the Company, as the general manager of the Company. His term of office shall commence from the date of approval by the Board until the expiration of the term of the fifth session of the Board.

Mr. LI Jianhong, the Company's non-executive Director, has applied to the Board to resign from his positions as a non-executive Director and as a member of the strategy and investment committee of the Board on 18 July 2025 due to personal reasons. Following the recommendation of Red Star Macalline Holding Group Company Limited ("**RSM Holding**"), a shareholder of the Company, and approval of the nomination committee of the Board, Mr. XU Guofeng was nominated as a non-executive Director of the fifth session of the Board. Upon his election as a non-executive Director, Mr. XU will serve as a member of the strategy and investment committee of the Board. His term of office shall commence from the date of approval by the general meeting until the expiration of the term of the fifth session of the Board. Such matter was considered and approved at the 41st extraordinary meeting of the fifth session of the Board and the 2025 fifth extraordinary general meeting held on 15 August 2025.

Pursuant to the relevant provisions of the Company Law and the Articles of Association, the Company is required to appoint an employee Director. On 21 August 2025, the Company convened an employee representative meeting and elected Mr. ZHENG Jianjie as an employee Director of the fifth session of the Board. His term of office shall commence from the date of approval by the employee representative meeting until the expiration of the term of the fifth session of the Board.

For details, please refer to the announcements dated 12 June, 5 July, 19 July, 16 August and 22 August 2025 and dated 11 June, 4 July, 18 July, 24 July, 15 August and 21 August 2025 disclosed by the Company in designated media in China and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>), respectively, and the circulars dated 13 June and 28 July 2025 disclosed by the Company on the website of the Hong Kong Stock Exchange.

Abolishment of the Supervisory Committee and Amendments to the Articles of Association and Certain Governance Policies

In accordance with the Company Law, the Guidelines for the Articles of Association of Listed Companies (2025 Revision), and other relevant laws, regulations, and guidelines, and taking into account actual circumstances, the Company intends to abolish the Supervisory Committee. The audit committee of the Board will exercise the duties and functions of the Supervisory Committee as stipulated in the Company Law. The Company also intends to repeal the Rules of Procedure for Supervisory Committee of Red Star Macalline Group Corporation Ltd. and other related Supervisory Committee regulations. Furthermore, the Company intends to amend certain provisions of the Articles of Association, the Procedure Rules of the General Meetings (formerly the Procedure Rules of the Shareholders' General Meetings), the Procedure Rules for the Board, the Working System for Independent Non-executive Director, and the Rules for Management for External Guarantees. These Resolutions were considered and approved at the 42nd extraordinary meeting of the fifth session of the Board and the 2025 fifth extraordinary general meeting held on 25 July 2025 and 15 August 2025, respectively.

For details, please refer to the announcements dated 26 July and 16 August and dated 25 July and 15 August disclosed by the Company in designated media in China and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>), respectively, and the circular dated 28 July 2025 disclosed by the Company on the website of the Hong Kong Stock Exchange.

Share Reduction Plan by Shareholders and Senior Management

On 26 July 2025, the Company disclosed an announcement regarding the share reduction plan by its shareholder, Hangzhou Haoyue Enterprise Management Co., Ltd. (杭州灝月企業管理有限公司) and Ms. QIU Zhe, the secretary to the Board. The reduction period is from 1 September 2025, to 30 November 2025. For details, please refer to the announcements published by the Company in domestic designated media in China dated 26 July 2025 and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated 25 July 2025.

Compulsory Judicial Enforcement to the Shareholders Holding More than 5% of the Company's Shares

The Company received the enforcement ruling ((2025) Hu 0115 Zhi No. 18930) forwarded by RSM Holding from the Shanghai Pudong New Area People's Court. According to the ruling, after the 43,023,000 A shares of the Company held by the enforced party, Changzhou Meikai Information Technology Co., Ltd. (常州美開信息科技有限公司), become eligible for sale, such shares shall be sold at market price through centralized bidding within 45 trading days based on the instructions of Changzhou Meikai Information Technology Co., Ltd. The proceeds from the sale of such shares shall be transferred to the account of the Shanghai Pudong New Area People's Court. For details, please refer to the announcements published by the Company in designated media in China dated 22 August 2025 and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated 21 August 2025.

REVIEW OF INTERIM RESULTS

The Board has established the audit committee (the “**Audit Committee**”), which comprises two independent non-executive Directors, namely Mr. XUE Wei and Mr. HUANG Jianzhong and one non-executive Director, namely Mr. ZOU Shaorong. Mr. XUE Wei is the chairman of the Audit Committee.

The Audit Committee has reviewed the interim results announcement for the six months ended 30 June 2025 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.chinaredstar.com). The Company's 2025 interim report containing the information as required by the Listing Rules will be dispatched to shareholders of the Company who requires hard copies and published on the website of the Hong Kong Stock Exchange and on the website of the Company in due course.

By Order of the Board
Red Star Macalline Group Corporation Ltd.
LI Yupeng
Chairman

Shanghai, the PRC
29 August 2025

As at the date of this announcement, the executive Directors of the Company are LI Yupeng, CHE Jianxing, SHI Yaofeng and YANG Yingwu; the non-executive Directors are YE Yanliu, ZOU Shaorong, XU Guofeng, SONG Guangbin and XU Di; the independent non-executive Directors are XUE Wei, HUANG Jianzhong, CHEN Shanang, WONG Chi Wai and CAI Qinghui; and the employee Director is ZHENG Jianjie.