



紅星美凱龍家居集團股份有限公司
Red Star Macalline Group Corporation Ltd.

(A SINO-FOREIGN JOINT STOCK COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)
STOCK CODE: 1528



2025
ANNUAL REPORT

Contents

Company Profile	2
Corporate Information	3
Financial and Operational Highlights	5
Chairman's Statement	7
Management Discussion and Analysis	9
Directors and Senior Management	26
Report of Directors	31
Corporate Governance Report	67
Independent Auditors' Report	89
Consolidated Statement of Profit or Loss and Other Comprehensive Income	95
Consolidated Statement of Financial Position	97
Consolidated Statement of Changes in Equity	100
Consolidated Statement of Cash Flows	102
Notes to the Consolidated Financial Statements	105
Five-Year Financial Summary	318
Definitions	319



Company Profile

The Company was founded in 2007, and its H shares were listed on the Main Board of the Hong Kong Stock Exchange in June 2015 (Stock Code: 1528) and its A shares were listed on the Shanghai Stock Exchange in January 2018 (Stock Code: 601828).

As a leading home improvement and furnishings shopping mall operator, as well as a pan-home furnishings platform service provider in China, the Company mainly engages in offering comprehensive services for merchants, consumers and partners through operation and management of Portfolio Shopping Malls, Managed Shopping Malls, shopping malls operated through franchising and strategic cooperation. The Group is also involved in pan home furnishings consumption, including internet home decoration, internet retail etc..

As a nationwide home improvement and furnishing shopping mall operator in China, the Company has a wide geographic coverage, a large number of malls and a large area of operational premises. As at the end of the Reporting Period, the Company operated 74 Portfolio Shopping Malls, 218 Managed Shopping Malls with varying degrees of management depth and 7 home furnishing malls through strategic cooperation. In addition, the Company authorized 19 franchised home improvement material projects by way of franchising, which included a total of 345 home improvement material stores/industry streets. The Company's Portfolio Shopping Malls and Managed Shopping Malls covered 181 cities in 30 provinces, municipalities and autonomous regions across the country, with a total operating area of 18,332,035 sq.m., and the Company's shopping malls have a branded inventory of more than 41,000 brands. The Company's strong brand influence, management's extensive industry experience and national distribution network system give the Company an absolute leading edge in China's steadily growing home improvement and furnishing retail industry.

Red Star Macalline's future strategic positioning is clearly defined as a "new commercial operator for home living and a service provider for the home furnishing industry ecosystem". "New commercial operator for home living": Focusing on the home furnishing industry to provide users with a better life by enhancing commercial content, improving commercial operations, creating a closed-loop business model, and increasing spatial value. "Service provider for the home furnishing industry ecosystem": Resonating with the home furnishing business, building a second growth curve to balance the overall business scale, undertaking a service-oriented role, expanding the scope of services to the upstream of the industrial chain such as brand factories, and improving the overall operational efficiency of the entire industrial chain.

Corporate Information

BOARD OF DIRECTORS

As at the date of this report, the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company comprises the following Directors:

Executive Directors

Mr. LI Yupeng (*Chairman*)
Mr. SHI Yaofeng
Mr. YANG Yingwu

Non-executive Directors

Ms. YE Yanliu
Mr. ZOU Shaorong
Mr. CHE Jianxing
Mr. XU Guofeng

Independent Non-executive Directors

Mr. XUE Wei
Mr. HUANG Jianzhong
Mr. CHEN Shanang
Mr. WONG Chi Wai
Mr. CAI Qinghui

Employee Director

Mr. ZHENG Jianjie

AUDIT COMMITTEE

Mr. XUE Wei (*Chairman*)
Mr. HUANG Jianzhong
Mr. ZOU Shaorong

REMUNERATION AND EVALUATION COMMITTEE

Mr. HUANG Jianzhong (*Chairman*)
Mr. WONG Chi Wai
Ms. YE Yanliu

NOMINATION COMMITTEE

Mr. CHEN Shanang (*Chairman*)
Mr. CAI Qinghui
Mr. HUANG Jianzhong
Ms. YE Yanliu
Mr. CHE Jianxing

STRATEGY AND INVESTMENT COMMITTEE

Mr. LI Yupeng (*Chairman*)
Ms. YE Yanliu
Mr. ZOU Shaorong
Mr. CHE Jianxing
Mr. SHI Yaofeng
Mr. XU Guofeng
Mr. HUANG Jianzhong

JOINT COMPANY SECRETARIES

Mr. CAO Shu
Ms. AU Ching (*ACG: HKACG*)

AUTHORIZED REPRESENTATIVES

Mr. YANG Yingwu
Mr. CAO Shu

REGISTERED OFFICE

Suite F801, 6/F
No. 518, Linyu Road
Pudong New District
Shanghai
The PRC

HEADQUARTERS IN THE PRC

Macalline Global Center
No. 2/5, Lane 1466, Shenchang Road
Minhang District
Shanghai
The PRC

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower 2
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

LEGAL ADVISORS

As to Hong Kong and United States law

King & Wood
13/F, Gloucester Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

As to the PRC law

King & Wood
17th Floor, One ICC
999 Middle Huai Hai Road
Xuhui District
Shanghai
The PRC

AUDITOR

RSM China
901-22 to 901-26, Waijingmao Mansion
No. 22 Fuwaida Street
Xicheng District
Beijing
China

Rongcheng (Hong Kong) CPA Limited
4301-7, 43/F, Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China

Shanghai Branch Banking Department
No. 24 Zhongshan Dongyi Road
Shanghai
The PRC

China Minsheng Bank Corp., Ltd.

Shanghai Xuhui Branch
No. 1033 Zhaojiabang Road, Xujiahui
Shanghai
The PRC

Bank of Communications

Shanghai Putuo Branch
No. 2000 Zhongshan North Road
Shanghai
The PRC

STOCK CODES

Hong Kong Stock Exchange: 1528
Shanghai Stock Exchange: 601828

COMPANY'S WEBSITE

www.chinaredstar.com

Financial and Operational Highlights

FINANCIAL HIGHLIGHTS

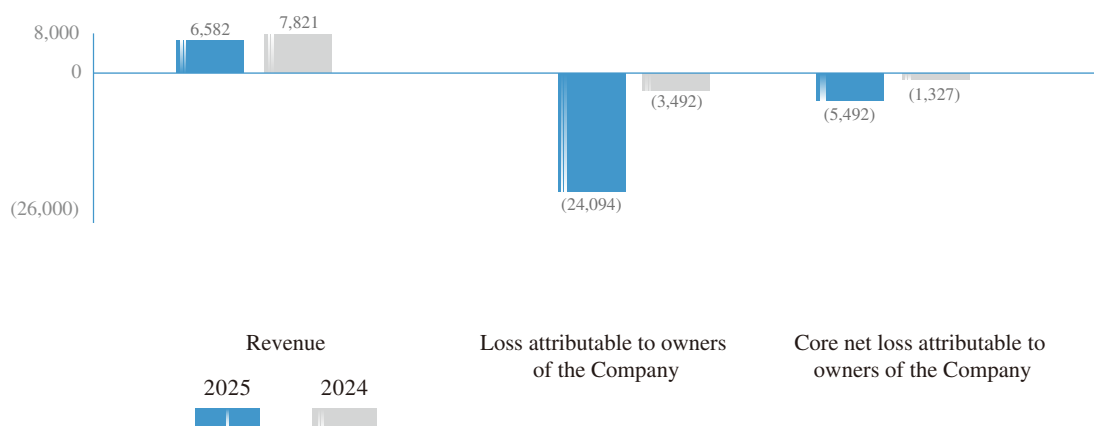
	For the year ended 31 December	
	2025	2024
	(RMB'000, except otherwise stated)	
Revenue	6,581,941	7,821,266
Gross profit	4,229,676	4,987,001
Gross profit margin	64.3%	63.8%
Loss for the year	(25,866,680)	(3,727,843)
Loss attributable to owners of the Company	(24,093,718)	(3,492,042)
Loss margin attributable to owners of the Company	-366.1%	-44.6%
Core net loss attributable to owners of the Company ⁽²⁾	(5,492,208)	(1,327,428)
Core net loss margin attributable to owners of the Company ⁽³⁾	-83.4%	-17.0%
Loss per share (Basic and diluted)	RMB(5.53)	RMB(0.80)
Dividend per share (tax inclusive)	RMB0	RMB0

Notes:

- (1) In the event of any inconsistency between the Chinese version and the English version of this report, 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 and 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

RMB in million



Financial and Operational Highlights

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 31 December 2025	As at 31 December 2024
Number of shopping malls	292	334
Operating area of shopping malls (sq.m.)	18,332,035	20,325,659
Number of cities covered	181	202
Number of Portfolio Shopping Malls	74	77
Operating area of Portfolio Shopping Malls (sq.m.)	7,321,708	7,512,689
Average occupancy rate of Portfolio Shopping Malls	85.0%	83.0%
Number of Managed Shopping Malls	218	257
Operating area of Managed Shopping Malls (sq.m.)	11,010,327	12,812,969
Average occupancy rate of Managed Shopping Malls	82.9%	82.5%

Note:

(1) For the definition, please refer to the prospectus (the "**Prospectus**") of the Company dated 16 June 2015.

Chairman's Statement

LI Yupeng
Chairman



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to all Shareholders the results report of the Company and its subsidiaries (the “**Group**” or “**our**” or “**we**”) for the year ended 31 December 2025 (the “**Reporting Period**”): as of the end of the Reporting Period, the Company operated 74 Portfolio Shopping Malls, 218 Managed Shopping Malls, 7 home furnishing malls through strategic cooperation, and 19 franchised home improvement material projects, which included a total of 345 home improvement material stores/industry streets. In 2025, we achieved revenue of RMB6,582 million, and the loss attributable to owners of the Company amounted to RMB24,094 million.

The loss in 2025 was primarily due to the significant loss from changes in the fair value of the Company’s investment properties, as well as an increase in asset impairment losses and credit impairment losses arising from various asset impairments. The significant impairment for the year will not affect the Company’s future operating and debt-servicing capabilities, nor the cash-flow generation capability of its currently held properties. It will not hinder the overall stabilization and recovery of the Company’s operations, and will not alter the current status of significant optimization and improvement in the Company’s occupancy rate and net cash inflow from operating activities. This adjustment also gives a truer and fairer picture, in the Company’s financial statements, of the current value of its core assets during this period of profound industry restructuring, which is conducive to maintaining the reliability of the financial statements and the long-term interests of investors.

Over the past year, Red Star Macalline has gone beyond merely operating malls to reshape the landscape of quality living spaces. We have firmly implemented the “3+Star” Eco-Strategy, achieving the transformation and upgrade of our business landscape.

With 1.4 million sq.m. of operating area for our electrical appliances, we have successfully solidified a six-scenario standardized matrix, highlighted by our “Smart Life (潮電薈)”. The grand reopening of the Shanghai Store No. 1’s MEGA-E flagship store signifies our evolution from a home furnishing mall into the go-to destination for high-end electrical appliances.

The total area of M+ High-End Home Improvement Design Center now covers 700,000 sq.m., bringing together over 6,300 outstanding designers. As both creators of beauty and converters of traffic, they drove over RMB150 million in sales this year.

Chairman's Statement

We have boldly crossed boundaries. The operating area of our automotive business format has doubled to 320,000 sq.m., covering 46 cities nationwide. By integrating automotive consumption into the ecosystem loop of “People-Vehicle-Home”, we have successfully attracted a higher-frequency and younger family customer base.

In December 2024, the Company completed the formulation and deliberation of its “15th Five-Year” strategic plan, ensuring its development direction aligns with national strategies. In the new five-year strategic plan, we have renewed our corporate mission and vision to “Creating a better home life” and “Building a world-class commercial brand”, and upgraded our strategic positioning to a “New Commercial Operator for Home Living” and a “Service Provider for the Home Furnishing Industry Ecosystem”. The Company will focus on five major directions: effective scale, operational quality, operational efficiency, brand value, and innovative development, to accelerate its transformation into an operator and a service provider.

Our strategic synergy with the Controlling Shareholder, C&D Inc., has entered the critical stage. From jointly title-sponsoring the “Diamond League” to enhance our brand’s international influence, to collaborating with C&D Real Estate Corporation Limited (建發房地產集團有限公司) for deep customer acquisition across 76 properties in 20 cities, this integrated model of “Real Estate + Home Furnishing + Supply Chain” has become our core moat for navigating economic cycles.

Looking ahead to 2026, we will remain committed to our “domestic demand-led” strategic direction and continue to drive the implementation of the “Two New” (large-scale equipment renewals and trade-in of consumer goods) policies. The management will strive to enhance the liquidity of the Company’s assets. This year, we will prioritise the “asset-light and asset-heavy separation” strategy to accelerate the revitalization of heavy assets. Furthermore, the Company will further strengthen the refined management of its business plans, deepen cost and expense analysis and control, and continuously optimise operational efficiency. To build long-term development momentum, the Group will maintain an open stance by strengthening external engagement and actively exploring business model innovation. By innovating commercial content – such as enhancing traffic acquisition capabilities and optimising business format structure – we will return to the essence of service. Also, powered with AI technology and digital tools, our business will comprehensively enhance the service value and experience for both C-end consumers and B-end merchants. We will continue to deepen our full lifecycle service and accelerate our complete transformation into both an operator and a service provider.

A journey of a thousand miles begins with a single step. Red Star Macalline will always stay true to its original aspiration of “Quality Consumption and Green Living”. Empowered by state-owned assets and driven by digital intelligence, we are committed to creating value for Shareholders and defining the future of the industry.

Thank you all!

LI Yupeng

Chairman

30 March, 2026

Management Discussion and Analysis

INDUSTRY REVIEW

In 2025, under the leadership of the Party Central Committee and the State Council, China significantly intensified its counter-cyclical adjustments in macroeconomic policy. Through the implementation of a package of incremental policies and a large-scale consumer goods trade-in campaign, effectively boosting social expectations and confidence.

(I) Stable Macroeconomic Performance and Continuous Release of Consumption Potential

According to data from the National Bureau of Statistics, China's Gross Domestic Product (GDP) reached RMB140.2 trillion for the full year of 2025, representing a year-on-year increase of 5.0%, with the total economic output steadily reaching a new level. With the implementation of employment-first policies and tax and fee reduction measures, the national per capita disposable income of residents grew by approximately 5.0% nominally year-on-year, which was basically in line with economic growth after deducting price factors. The structure of residents' consumption continued to optimize, with the consumption pattern gradually shifting from "subsistence consumption", which primarily focuses on meeting basic living needs, to "development-oriented consumption", which pursues quality, experience and self-fulfilment.

(II) Industry Retail Data Performance: Trade-in Policies Unleash Strong Momentum

In 2025, the state intensified its support for the trade-in of consumer goods, with the policy effects rapidly permeating from "home appliances" to "home decoration, kitchen and bath" and "home renewal." For the full year of 2025, the total retail sales of social consumer goods (the **"total retail sales"**) reached RMB50.12 trillion, representing a year-on-year increase of 3.7%. In sub-sectors, home appliances and audio-visual equipment, directly driven by subsidy policies, saw their annual retail sales exceed RMB1 trillion, representing a year-on-year increase of 11.0%, a growth rate at a five-year high; the furniture category, driven by both the demand for existing home renovations and trade-in subsidies, showed strong resilience, with annual retail sales achieving a year-on-year growth of 14.6%, a significant acceleration from 2024; the building and decoration materials category, affected by the transition period in the real estate market, saw its annual retail sales decrease by approximately 2.7% year-on-year, but the decline narrowed significantly compared to the previous year, strengthening the case for a market bottom. The state's special support for partial renovation of home decoration, kitchens, and bathrooms effectively boosted the activity of the entire home furnishing industry chain, becoming an important driver for the growth of total retail sales.

(III) Demographic Structure and Urbanization Process: Existing Market Becomes the Main Engine

As of the end of 2025, China's urbanization rate further increased to 67.89%, an increase of 0.89 percentage point from the end of the previous year. Although the total population has declined, the improvement in the quality of urbanization and the resilience of the ultra-large-scale market remain unchanged. In particular, the continuously increasing proportion of second-hand housing transactions in core cities has driven large-scale demand for "secondary renovations" and "partial refurbishments," marking the home furnishing industry's official entry into a new stage where competition in the existing market and quality upgrades are equally important.

Management Discussion and Analysis

(IV) Real Estate Market: Signs of Stabilization Emerge, New Models Accelerate

In 2025, real estate policies focused on “halting decline and stabilizing” and “destocking and optimizing new supply.” With the deep implementation of a combination of financial and fiscal policies, confidence in the real estate market has gradually been boosted, second-hand housing transactions in core cities have remained active, and rigid and improvement-driven housing demand has been effectively released. At the same time, the promotion of the “good housing” standard in the construction industry and the in-depth advancement of old residential community renovations have provided a stable market space for mid-to-high-end home furnishing circulation platforms.

(V) Industry Competitive Landscape and Company Position

As consumer preference for one-stop home solutions and green, intelligent products grows, the home decoration and furniture industry is accelerating its transformation towards branding, integration, and digitalization. As an industry leader, the Company actively responded to the national call for the trade-in policy, and by penetrating lower-tier markets and expanding product categories, it has maintained a leading position in new growth areas such as existing home renovation and partial kitchen and bathroom renovation. Industry concentration has continued to increase amidst market consolidation, with resources rapidly concentrating towards leading platforms with comprehensive full-chain service capabilities. As an industry benchmark, the Company has significantly benefited from this trend.

BUSINESS REVIEW

In 2025, affected by the continued downturn in the real estate industry and declining demand in the home improvement materials industry, demand in the home retail market weakened. The Company has continuously implemented rent and management fee reductions to retain tenants and stabilize business operations. At the same time, the Company has proactively adjusted its strategy and category layout, attracting high-quality business formats and brands with favourable commercial conditions, and offering rent and management fee concessions during the initial expansion phase. As a result, rental and management income has been significantly impacted, and the rental level has shown a significant decline compared to previous years. As market expectations for future rents have shifted and the estimate for a short-term recovery in rental prices needs to be adjusted, the Company has accordingly adjusted its expectations for future rental income, resulting in a significant decrease in the value of investment properties. In alignment with the national “15th Five-Year Plan” and the new market environment, the Company will proactively adjust and upgrade its strategic positioning to a “new commercial operator for home living and a service provider for the home furnishing industry ecosystem”, focusing on upgrading its core home furnishing business, while expanding home furnishing industry ecosystem services, building a second growth curve, and achieving enhancement in both scale and value.

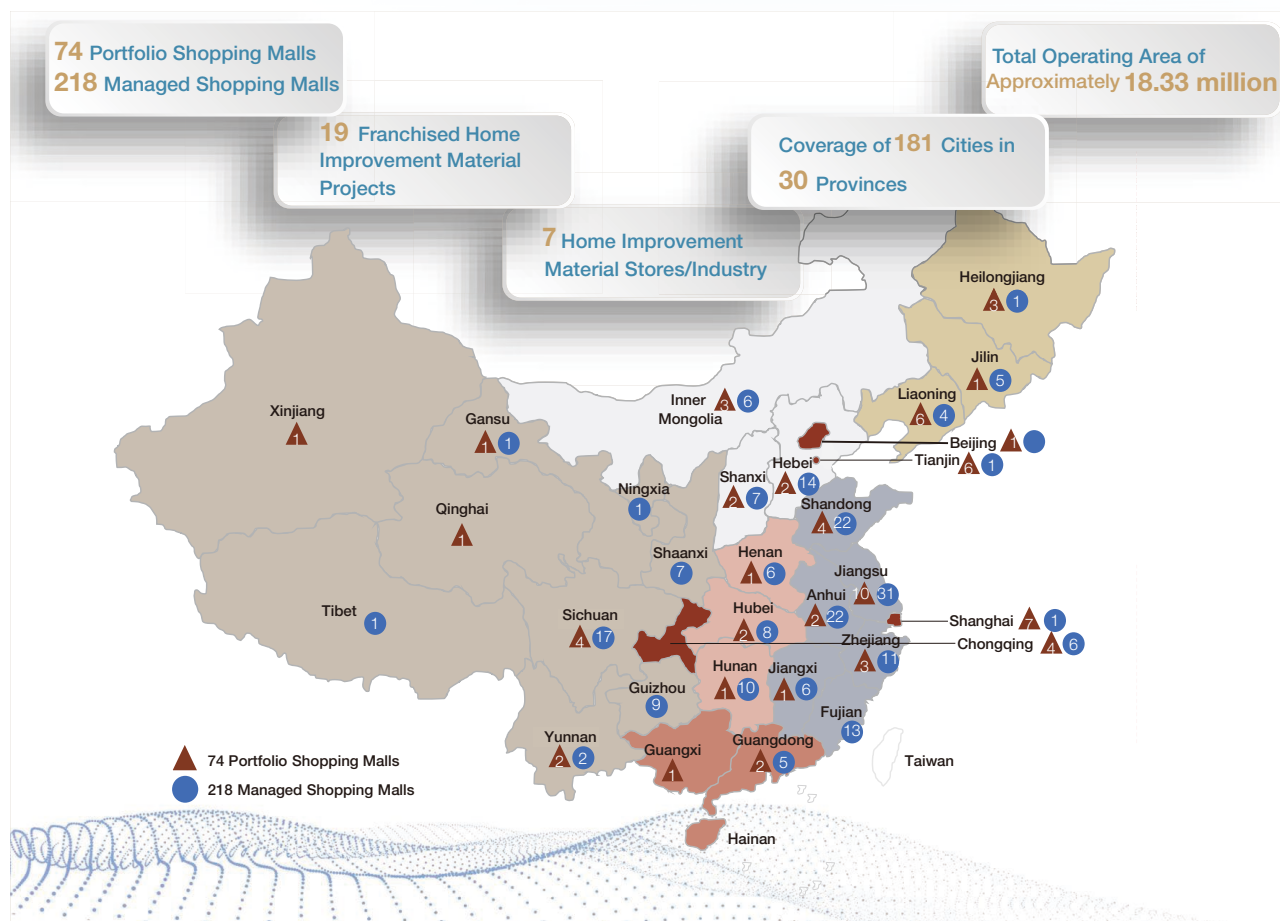
As of 31 December 2025, the Company operated 74 Portfolio Shopping Malls with an average occupancy rate of 85.0%, 218 Managed Shopping Malls with varying degrees of management depth with an average occupancy rate of 82.9%, and 7 home furnishing malls through strategic cooperation. In addition, the Company authorized 19 franchised home improvement material projects by way of franchising, which included a total of 345 home improvement material stores/industry streets. They covered 181 cities in 30 provinces, municipalities and autonomous regions across the country, with a total operating area of 18,332,000 sq.m.

Management Discussion and Analysis

(I) Business Development and Layout

A mature omni-channel commercial network covering the whole country, continuously improving the refined management of rents

The following map sets forth the geographical distribution of our shopping malls as at the end of the Reporting Period:



Note: Geographically, Northeast China includes Heilongjiang Province, Jilin Province, Liaoning Province; North China includes Beijing, Tianjin, Shanxi Province, Hebei Province, Inner Mongolia Autonomous Region; East China includes Shanghai, Shandong Province, Jiangsu Province, Zhejiang Province, Anhui Province, Jiangxi Province, Fujian Province; Central China includes Hunan Province, Hubei Province, Henan Province; South China includes Hainan Province, Guangdong Province, Guangxi Zhuang Autonomous Region; West China includes Chongqing, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, Yunnan Province, Sichuan Province, Guizhou Province, Tibet Autonomous Region

Management Discussion and Analysis

	Region	Portfolio Shopping Malls		Managed Shopping Malls	
		Number of shopping malls	Sub-total Operating Area	Number of shopping malls	Sub-total Operating Area
	Northeast China	10	1,101,823	10	537,229
	North China	17	1,412,278	29	1,619,022
	East China	27	3,008,795	106	5,433,844
	Central China	4	525,033	24	1,193,710
	South China	3	181,752	5	276,869
	West China	13	1,092,026	44	1,949,654
Total:		74.00	7,321,708	218	11,010,327

Management Discussion and Analysis

(II) Focusing on the Core Home Furnishing Business to Enhance Market Competitiveness

During the Reporting Period, the Company made steady progress in category development, business planning, occupancy rate improvement, resource integration, rent management, and leasing management, and continued to make breakthroughs and innovations in category expansion.

1. In-depth Operation of Core Categories with Remarkable Results from Pilot Projects

Full-speed advancement of the High-end Electrical Appliances (MEGA-E) strategy: During the Reporting Period, the operating area of electrical appliance pavilions reached 1,405,000 sq.m., with the proportion of leasable area increasing to 10.1%.

Sudden rise of new retail furniture: The Company seized the dividend of being the preferred channel for online brands to establish an offline presence. The area for the new retail furniture category increased by 51.5% year-on-year to 184,000 sq.m., becoming the fastest-growing secondary category.

M+ High-End Home Improvement Design Center for front-end customer acquisition: The Company drives associated sales with design as the engine. As of the end of the Reporting Period, the total area of the design centers reached 708,000 sq.m. Empowered digitally through the official mini-program matrix, it brought together over 6,300 professional designers and held more than 500 IP events throughout the year to enhance customer stickiness, ultimately leveraging referred sales of over RMB150 million and effectively realizing a closed loop of “design-driven traffic + in-mall conversion”.

2. Cross-industry Integration of “People-Vehicle-Home” Ecosystem with Various Emerging Business Formats Flourishing

Rapid growth of the automotive business format: The Company deepened the “brand cluster + scenario linkage” model. As of the end of the Reporting Period, the operating area of the automotive business format doubled from 160,000 sq.m. to 320,000 sq.m., covering 46 cities nationwide.

Comprehensive coverage of supporting catering format: The Company is committed to enhancing the lifestyle functions of its shopping malls. The nationwide area for catering formats reached 92,000 sq.m., and the catering coverage rate in Portfolio Shopping Malls increased to 96%.

Forward-looking layout of innovative categories: The Company actively explored market gaps and successfully created the Shanghai “Hill – Red Star Macalline Aesthetics of Life Pavilion for the Silver-Haired”, seizing a new opportunity in the wellness and elderly care home furnishing sector. Meanwhile, niche vertical categories such as custom metal works have achieved steady expansion nationwide.

Management Discussion and Analysis

(III) Strengthening Merchant and User Operation Management, and Achieving Synergy through Digital Intelligence and Service Ecosystem

During the Reporting Period, the Company's operational management system was closely driven by the dual cores of "enhancing user value" and "empowering merchant operations". Through the iteration of digital tools, deep alignment with national policies, and the construction of a full-chain service system, the quality and efficiency of on-site operations were comprehensively improved.

1. Leapfrog Growth in Digital Membership Operations

The Company completed a comprehensive restructuring of its official mini-program's functions, integrating features such as online customer service, intelligent customer service, and a designer portal, which significantly enhanced user reach and conversion capabilities. As of the end of the Reporting Period, the mini-program covered 225 shopping malls, with platform PV (page views) reaching 23.66 million, a significant year-on-year increase of 161%, and UV (unique visitors) increasing by 94% to 2.8 million. Digital operations directly empowered performance growth, with the number of spending registered members accounting for 39.8% of the total number of customers in the unified cashier system; consumption contributed by members reached RMB10.0 billion, accounting for 47.7% of the total amount in the unified cashier system, with the proportion increasing by 84% year-on-year.

2. Precisely Aligning with the National "Trade-in" Policy to Unleash Consumption Momentum

The Company took the lead in responding to national policies, creating industry-leading "trade-in" publicity through dual government-enterprise subsidies, company-wide live streaming, and nationwide coordinated efforts. In 2025, shopping malls nationwide cumulatively achieved 1,029,000 sales orders under the national subsidy program, with a cumulative sales amount of RMB9.91 billion, of which the government subsidy investment amounted to RMB1.60 billion.

3. Building a Full-Lifecycle Service Ecosystem to Reshape Brand Reputation

The Company adheres to a "customer first" orientation, enhancing its differentiated competitiveness by improving the service chain and expanding value-added services such as extended warranties for home appliances, maintenance, recycling, and 3C product repairs. During the Reporting Period, the service center model was implemented. The nation's first Red Star Macalline Service Center was officially launched at the Shanghai Global Home Furnishings Store No. 1, featuring functional zones for repairs and cleaning, cashier commitments, and beverage and leisure, marking a transformation from a simple shopping space to a quality lifestyle service platform. During the Reporting Period, the Company achieved full-process service quality control, with an overall order positive rating of 98.90% and a comprehensive service satisfaction rate of 95.81%.

4. Continued Strengthening of Operational Professionalism and Risk Control Systems

In terms of talent quality improvement, the Company adopted the "All-Round User Operations Class" and the Dragon E-learning "Operations Bible" to achieve precise talent inventory and professional skill empowerment along operational lines. In terms of risk control and quality standards, it organized risk assessments for over 30,000 operating brands nationwide. It adhered to regular environmental protection and quality spot checks, achieving zero major green and environmental quality incidents for the year, with an overall pass rate of 98.9% in environmental quality inspections.

Management Discussion and Analysis

(IV) Strengthening Brand Momentum, Deepening Omni-channel Traffic and Digital Marketing

During the Reporting Period, the Company's marketing and branding efforts focused on "brand upward, traffic downward". By leveraging major event marketing to enhance public awareness and deeply empowering the front line with digital tools, it achieved synergistic growth in both brand publicity and sales conversion.

Leveraging top-tier sporting events, it was the title sponsor of the 2025 Wanda Diamond League Red Star Macalline Xiamen Meeting, achieving a media communication value of RMB1.417 billion through linkage with the international event. It held multiple events with top-tier celebrity endorsers, achieving over 2 billion topic reads across the internet, securing 31 trending topic spots at zero cost, and successfully boosting both the reputation and sales of the shopping malls in the two locations.

The Company achieved a strategic transformation from a single channel to a multi-platform matrix, with its online traffic acquisition capabilities continuously strengthening. Building a multi-platform traffic matrix, it integrated multiple platforms such as Douyin Local Life (TikTok), Tmall Tongcheng Station, Amap, Meituan-Dianping, and WeChat Mini Programs, acquiring 630 million online traffic views throughout 2025.

During the Reporting Period, the Company deepened its resource integration with its controlling shareholder, Xiamen C&D Inc., and conducted brand promotion in conjunction with events such as the Diamond League and the Xiamen Marathon. Relying on the property resources of C&D/Lianfa, it achieved in-depth cooperation on 76 properties in 20 cities, acquiring over 14,000 customers and generating a conversion amount of approximately RMB150 million. It implemented dedicated communication campaigns for "Smart Electrical Appliances 2.0" and "M+ High-End Home Improvement Design Center", collaborating with key opinion leaders such as WU Sheng and QIN Shuo, achieving online exposure of over 160 million and 236 million, respectively.

During the Reporting Period, cost control efficiency improved significantly. While enhancing brand publicity, the Company, by optimizing authorization and process control, achieved a 30.8% year-on-year decrease in the basic planning budget for Portfolio Shopping Malls. Against the backdrop of rising customer acquisition costs, the average transaction value per customer increased by 37% year-on-year.

(V) Accelerating Digital and Intelligent Transformation to Build a New Ecosystem for Smart Home Furnishing Retail

During the Reporting Period, with "business empowerment, process efficiency improvement, model-driven approaches, and intelligent applications" as its core, the Company fully launched its new five-year digital and intelligent strategic plan. By implementing key digital applications, deepening data governance, and exploring artificial intelligence scenarios, it provided high-quality technological support for the Company's strategic execution and stable operations.

Management Discussion and Analysis

FINANCIAL REVIEW

The key financial performance indicators of the Company can generally be categorized into revenue, loss attributable to owners of the Company and core net loss attributable to owners of the Company. These indicators provide a measurement of our performance against the key drivers of the Company. For details of the financial performance indicators, please refer to “Revenue” and “Total Loss for the Year Attributable to Owners of the Company, Core Net Loss Attributable to Owners of the Company and Loss Per Share” on page 16 and page 18, respectively.

1. Revenue

During the Reporting Period, the Group’s revenue amounted to RMB6,581.9 million, representing a decrease of 15.8% from RMB7,821.3 million in 2024. During the Reporting Period, rental and related income from Portfolio Shopping Malls decreased by 8.9%, which was mainly due to the impact of fluctuations in the development of related industries, the operating conditions of both shopping malls and tenants were affected, resulting in a phased decline in the occupancy rates and rents of the shopping malls. Meanwhile, to support tenants, the Company increased incentives for tenant retention. During the Reporting Period, the related income of Managed Shopping Malls decreased by 18.4%, mainly due to the decrease in the number of Managed Shopping Malls. In addition, the revenue from construction and decoration services and other revenue also decreased to varying degrees as compared with 2024.

The following table sets forth our revenue by segments:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Owned/Leased Portfolio Shopping Malls	4,881,281	74.2	5,360,019	68.5
Managed Shopping Mall	1,191,310	18.1	1,460,146	18.7
Construction and decoration services	107,808	1.6	332,128	4.2
Others	401,542	6.1	668,973	8.6
Total	6,581,941	100.0	7,821,266	100.0

FINANCIAL REVIEW (Continued)

2. Cost of Sales

The cost of sales of the Group mainly included the cost of operation and management of Owned/Leased Portfolio Shopping Malls, the cost of project consulting and management service, the cost of construction and decoration service. The cost of sales of the Group was RMB2,352.3 million, representing a decrease of 17.0% from RMB2,834.3 million in 2024, mainly due to the decrease in the cost of construction and decoration service, as well as the cost reduction and efficiency improvement by the Company with a decline in labor expense.

The following table sets forth our cost by segments:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Owned/Leased Portfolio Shopping Malls	1,304,538	55.4	1,408,078	49.7
Managed Shopping Malls	714,533	30.4	899,304	31.7
Construction and decoration services	154,811	6.6	283,056	10.0
Others	178,383	7.6	243,827	8.6
Total	2,352,265	100.0	2,834,265	100.0

3. Gross Profit and Gross Profit Margin

During the Reporting Period, the Group recorded a gross profit of RMB4,229.7 million, representing a decrease of 15.2% from RMB4,987.0 million in 2024. The consolidated gross profit margin was 64.3%, representing an increase of 0.5 percentage points from 63.8% in 2024, which was mainly due to the increase of gross profit from managed shopping malls compared to the same period last year.

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

	For the year ended 31 December	
	2025	2024
Owned/Leased Portfolio Shopping Malls	73.3%	73.7%
Managed Shopping Mall	40.0%	38.4%
Construction and decoration services	-43.6%	14.8%
Others	55.6%	63.6%
Total	64.3%	63.8%

4. Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to RMB837.2 million (accounting for 12.7% of the operating revenue), representing a decrease of 18.6% from RMB1,028.3 million (accounting for 13.1% of the operating revenue) in 2024, which was primarily due to the decrease in expenses such as advertising and promotion expenses during the Reporting Period.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

5. Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB1,296.9 million (accounting for 19.7% of the operating revenue), representing a decrease of 10.7% from RMB1,451.7 million (accounting for 18.6% of the operating revenue) in 2024, which was primarily due to the decrease in staff costs during the Reporting Period.

6. Finance Cost

During the Reporting Period, the Group's finance cost decreased from RMB2,531.2 million in 2024 to RMB2,160.3 million in 2025, representing a decrease of 14.7%, which was primarily due to the decrease in related finance costs of the Group during the Reporting Period.

7. Treasury Policies and Objectives

The Group adopted prudent liquidity risk management policies in order to maintain flexibility of fund utilization, which included maintaining sufficient cash and funding through an adequate amount of committed credit facilities.

8. Income tax Credit

During the Reporting Period, the income tax credit of the Group amounted to RMB2,666.1 million, representing an increase of 350.6% from the income tax credit of RMB591.7 million in 2024, which was mainly due to an expanded scope of the loss for the year.

9. Total Loss for the Year Attributable to Owners of the Company, Core Net Loss Attributable to Owners of the Company and Loss Per Share

During the Reporting Period, the total loss for the year attributable to owners of the Company was RMB24,093.7 million, representing an increase of 590.0% from the total loss for the year attributable to owners of the Company of RMB3,492.0 million in 2024; the core net loss attributable to owners of the Company was RMB5,492.2 million, representing an increase of 313.8% from the core net loss attributable to owners of the Company of RMB1,327.4 million in 2024.

	For the year ended 31 December		Increase/ decrease
	2025	2024	
	RMB'000	RMB'000	
Total loss for the year attributable to owners of the Company	(24,093,718)	(3,492,042)	590.0%
Loss margin for the year attributable to owners of the Company	-366.1%	-44.6%	an increase of 321.5 percentage points
Core net loss attributable to owners of the Company	(5,492,208)	(1,327,428)	313.7%
Core net loss margin attributable to owners of the Company	-83.4%	-17.0%	an increase of 66.4 percentage points

During the Reporting Period, the loss per share of the Group was RMB5.53, as compared with the loss per share of RMB0.80 for the same period in 2024.

FINANCIAL REVIEW (Continued)

10. Accounts Receivable

As of the end of the Reporting Period, the carrying value of the Group's accounts receivable was RMB449.3 million (of which, the balance of accounts receivable was RMB1,980.1 million and the provision for bad debts was RMB1,530.8 million), representing a decrease of RMB135.9 million as compared to RMB585.2 million as of the end of 2024.

11. Deposits, Prepayment and Other Receivables

As of the end of the Reporting Period, the book value of deposits, prepayment and other receivables of the Group was RMB2,060.2 million, representing a decrease of RMB2,338.2 million from RMB4,398.4 million as at the end of 2024, which was mainly due to a decrease in collection and payment of merchant goods and prepayments during the reporting period.

12. Financial Instrument at FVTOCI

As of the end of the Reporting Period, the book value of financial instruments at FVTOCI of the Group was RMB508.8 million, which was mainly due to the disposal of investment projects and changes in fair value in the current period.

13. Investment Properties and Gain from Change in Fair Value

As of the end of the Reporting Period, the book value of investment properties of the Group was RMB74,119.8 million, representing a decrease of RMB20,984.4 million as compared to RMB95,104.2 million as of the end of 2024. During the Reporting Period, the Group's investment properties recorded a loss from change in fair value of RMB24,215.3 million. This was mainly to support the going concern of merchants, as increased incentives for tenant retention led to a phased decline in the Group's rental income and management fee income, and the valuation of investment properties was adjusted downwards accordingly.

14. Capital Expenditure

During the Reporting Period, the capital expenditure of the Group was RMB266.8 million (2024: RMB370.3 million), which mainly included the expenditure for the purchase of investment properties and the expenditure for construction and development. The expenditure in 2025 decreased by 28.0% as compared to 2024, mainly due to the decreased purchase expenditure of portfolio shopping malls during this Reporting Period.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

15. Bank balances and cash and cash flows

As of the end of the Reporting Period, the Group held monetary funds of RMB2,808.5 million (including cash and cash equivalents balance of RMB2,788.6 million), representing a decrease of RMB345.5 million (including a decrease in cash and cash equivalents of RMB323.2 million) as compared to RMB3,154.0 million (including cash and cash equivalents balance of RMB3,111.8 million) as of the end of 2024.

	2025 RMB'000	2024 RMB'000
Net cash flow generated from operating activities	816,466	216,374
Net cash flow (used in)/generated from investment activities	(616,695)	631,159
Net cash flow used in financing activities	(522,819)	(242,637)
Impact of exchange rate changes on cash and cash equivalents	(219)	137
Net (decrease)/increase in cash and cash equivalents	(323,267)	605,033

During the Reporting Period, the net cash inflow from operating activities of the Group was RMB816.5 million, representing an increase of RMB600.1 million as compared to the net cash inflow of RMB216.4 million in 2024, which was mainly due to the decrease in operating cash outflow during the Reporting Period.

During the Reporting Period, the net cash outflow from investing activities of the Group was RMB616.7 million, representing an increase in outflow of RMB1,247.9 million as compared to the net cash inflow of RMB631.2 million in 2024. It was primarily due to an increased payment for acquisition of subsidiaries during the Reporting Period as compared with the same period of the previous year.

During the Reporting Period, the net cash outflow from financing activities of the Group was RMB522.8 million, representing an increase in outflow of RMB280.2 million as compared to the net cash outflow of RMB242.6 million in 2024, which was mainly due to the decrease in net cash inflow from obtaining and repayment of debts during the Reporting Period as compared with the same period of the previous year.

FINANCIAL REVIEW (Continued)

16. Debt Profile and Debt Ratio

As of the end of the Reporting Period, the total amount of debt of the Group was RMB31,392.5 million, of which banks and other borrowings were RMB31,392.5 million.

The following table sets out our profile debt:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Bank and other borrowings		
Secured	23,737,426	23,594,412
Unsecured	10,012	67,185
Commercial mortgage-backed securities	7,645,069	3,601,956
Total	31,392,507	27,263,553
Fixed-rate borrowings	14,435,932	13,680,480
Floating-rate borrowings	16,956,575	13,583,073
Total	31,392,507	27,263,553
The borrowings are repayable		
Within one year or on demand	9,676,448	6,016,153
More than one year, but not exceeding two years	5,234,551	6,705,318
More than two years, but not exceeding five years	11,986,536	9,181,876
More than five years	4,494,972	5,360,206
Total	31,392,507	27,263,553
Actual interest rate range		
Fixed-rate borrowings	3.00-7.00	3.10-10.00
Floating-rate borrowings	3.10-6.35	3.55-6.80
USD Bonds:		
USD Bonds of 2022 (3-year)	–	1,790,841
Total	–	1,790,841

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

16. Major debt ratios (Continued)

Among the total debts of the Group, the portion repayable within one year or on demand amounted to RMB9,676.4 million, the portion repayable over one year but less than two years amounted to RMB5,234.6 million, the portion repayable over two years but less than five years amounted to RMB11,986.5 million and the portion repayable over five years amounted to RMB4,495.0 million. The Group will promptly repay the above debts at the time of maturity.

The following table sets out as major debt ratios:

	As at 31 December 2025	As at 31 December 2024
Asset-liability ratio ⁽¹⁾	71.6%	56.8%
Net gearing ratio ⁽²⁾	121.6%	54.8%

	For the year ended 31 December 2025	2024
Interest expenses coverage ratio ⁽³⁾	0.94	1.08

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 borrowing, long-term borrowing, bond payables, financial lease payables, and commercial mortgage-backed securities payables) less cash and bank balances and then divided by total equity at the end of each period.
- (3) Interest expense coverage ratio is our adjusted EBITDA divided by our interest expenses before capitalization for each period. Adjusted EBITDA represents profit before tax, adding back finance costs, depreciation, amortisation and impairment, further adjusted to exclude loss on fair value changes, share of results of associates, share of results of joint ventures, other gains and losses, other expenses and other income.

17. Pledge and mortgage of assets

As of the end of the Reporting Period, the Group had collateralized/pledged investment properties and fixed assets with a total book value of RMB63,262.9 million, and other equity instrument investments, interests in joint ventures and restricted cash with a total book balance of RMB201.7 million, for obtaining loans, etc.; the balance of the loans obtained was RMB31,632.4 million; the Group holds restricted monetary funds with a balance of RMB389.0 million for deposit reserve placed with the central bank, etc.

18. Contingent liabilities

There were no contingent liabilities as of the end of the Reporting Period.

19. Financial resources

The Group's future sources of funds are mainly from cash generated from operating activities, bank borrowings, issuance of bonds and capital contributions provided by shareholders. In order to ensure that the Group's funds are used effectively, the Group will continue to monitor liquidity requirements on a regular basis, comply with borrowing covenants, and ensure that sufficient cash reserves and appropriate credit facilities are maintained to meet liquidity requirements.

FINANCIAL REVIEW (Continued)

20. Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Company had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

21. Capital Commitments

As at the end of the Reporting Period, the Group's capital expenditure in respect of the acquisition and development of investment properties which had been contracted for but not provided for in the financial statements amounted to RMB714.3 million; in addition, the Group had entered into agreements with its partners and committed to invest an amount of RMB69.2 million in investment properties jointly developed with its partners.

22. Foreign Exchange Risk

At the end of the Reporting Period, financial assets and financial liabilities denominated in currencies other than the functional currency of each entity of the Group mainly included a small amount of foreign currency deposits. In the face of newly added foreign exchange risk exposure, the Group's management actively and proactively carried out relevant risk control measures: including reasonable selection of foreign debt hedging tools such as forward and currency swaps, strengthening internal control concepts and strategies, strengthening discussions with international banks, continuously focusing on predicting exchange market trends, and being ready to hedge risks at any time. We believe that the foreign exchange risk arising from the assets and liabilities of these foreign currency balances will not have a significant impact on the Group's operating results.

23. Significant Investments

The Group had no significant investment during the reporting period. As at the date of this report, the Group did not have any plan for significant investments.

24. Human Resources

As at the end of the Reporting Period, the Group had a total of 9,012 employees (as at 31 December 2024: 11,553 employees). The Group enters into labor contracts with its employees in accordance with the Labor Law of the PRC and relevant local regulations, determines the basic salary and bonus levels of employees based on their performance, work experience and market salary levels, and pays social insurance and housing provident funds for employees. In 2025, the total remuneration expenses of the Group amounted to RMB1,761.5 million (2024: RMB2,177.2 million). Meanwhile, the Group also continuously invested resources to provide various types of education and training opportunities for employees, aiming to standardize management and improve business performance, and to continuously enhance the knowledge, technical skills and professional capabilities of its employees.

Management Discussion and Analysis

RISK FACTORS

Although the Group has established a risk management and internal control systems to identify, assess and mitigate risks, our business remains exposed to a certain number of risks which may affect the Group's strategy, operation, compliance and financial position. The specific risk factors faced by the Group for the current year are as follows:

1. Risks of Macroeconomic Fluctuations and Slower-than-expected Consumer Recovery

As a durable consumer goods industry, the home furnishing industry sees its demand significantly influenced by macroeconomic fluctuations and consumer confidence. Although the national economy is expected to grow steadily in 2025, any future fluctuations in household income expectations or a slowdown in the consumption recovery momentum could lead to the suppression or delay of major consumer demand for home improvement and furnishing, and similar products.

2. Risks of Fluctuations in the Real Estate Market and the Transition to a New Development Model

Although the real estate market is striving to "halting decline and stabilizing," the industry as a whole is still going through a painful period of transformation. The continuous contraction in the delivery volume of new homes may impact the traditional building materials and pre-decoration markets. Meanwhile, the establishment of a new development model for real estate takes time, and there is uncertainty regarding a complete reversal of market expectations.

3. Risk of Decline in Fair Value of Investment Properties

The significant decline in the fair value of the Company's investment properties in 2025 was mainly attributable to the significant changes in the industry and market environment in which the Company operates for two consecutive years, and the changes in expectations brought about by the substantial fluctuations in the Company's performance over the past two years.

The changes in the fair value of the Company's investment properties are affected by factors such as China's macroeconomic growth momentum, urbanization process, residents' disposable income level, control policies and prosperity of the real estate market, and the consumption environment of the home improvement and furnishing industry. If there is any significant adverse change in the above factors, the value of the Company's investment properties measured at fair value will fluctuate downwards, and the gain from fair value changes included in the current profit and loss will correspondingly reduce or even cause losses, thereby adversely affecting the Company's financial conditions and operating results.

In addition, the fair value model is adopted for subsequent measurement of the Company's investment properties, which is not comparable with the cost model commonly used by A-share listed companies in the industry. Therefore, investors are advised to exercise caution.

In addition to the risk factors above, there may be other risks and uncertainties. Please refer to the section headed "Risk Factors" of the Prospectus for the relevant content.

OUTLOOK AND PROSPECTS

Our Group's future strategic positioning is clearly defined as a "new commercial operator for home living and a service provider for the home furnishing industry ecosystem". "New commercial operator for home living": Focusing on the home furnishing industry to provide users with a better life by enhancing commercial content, improving commercial operations, creating a closed-loop business model, and increasing spatial value. "Service provider for the home furnishing industry ecosystem": Resonating with the home furnishing business, building a second growth curve to balance the overall business scale, undertaking a service-oriented role, expanding the scope of services to the upstream of the industrial chain such as brand factories, and improving the overall operational efficiency of the entire industrial chain.

In the next five years, our Group will, based on the overall "15th Five-Year" strategy, move beyond the traditional framework of piecemeal strategic adjustments. We will establish a clear path for strategic restructuring, advance our systematic evolution in stages, achieve a comprehensive upgrade, and solidify our position as an industry leader.

1. Focusing on business model construction, promoting the separation of light and heavy assets, spinning off two specialized entities to achieve dual growth engines of heavy asset management and light asset operation, solving the dilemma of heavy assets, consolidating the core capabilities of "people-goods-mall", and laying a solid foundation for transformation.
2. Strengthening the supply of commercial content, achieving content breakthroughs through packaging, scenarization, and home living department storeization, reshaping the attractiveness of stores, optimizing merchant operations and conversion efficiency, and connecting the "content-traffic-monetization" chain.
3. Deeply cultivating the existing stock to accurately capture improvement needs, deploying pre-emptive touchpoints to weave a dense customer acquisition network, focusing on traffic interception, digging deep into existing pain points, iterating products and services, and consolidating the existing market share and the stability of the closed-loop business model.
4. Expanding the second growth curve, relying on accumulated advantages to develop the home furnishing supply chain business, exploring ecosystem element-based businesses, broadening revenue sources, enhancing risk resilience, and achieving a leap in full-ecosystem services.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. LI Yupeng, aged 36, Chinese, a member of the Communist Party of China, intermediate economist, graduated from Xiamen University with a bachelor's degree. Mr. LI joined the Company in February 2025 and served as a non-executive Director from February 2025 to March 2025, he was re-designated as an executive Director and appointed as the chairman of the Company since March 2025. Prior to joining the Company, Mr. LI joined Xiamen C&D Group Co., Ltd. in July 2010 and has successively served as the deputy general manager, general manager and director of legal affairs, and served as a supervisor of Xiamen C&D from April 2022 to May 2025.

Mr. SHI Yaofeng, aged 50, joined the Company in August 2023 and served as an executive Director and deputy general manager, and has served as an executive Director and general manager since July 2025. Prior to joining the Company, Mr. SHI worked at Ningbo Boyang Textile Co., Ltd. Changsha Office (寧波博洋紡織有限公司長沙辦事處) from August 1997, at Hangzhou Jinguang Paper Co., Ltd. (杭州金光紙業有限公司) from August 1998, and at Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發漿紙集團有限公司), formally known as Xiamen C&D Paper Co., Ltd. (廈門建發紙業有限公司) from December 2003. During this period, he successively served as the deputy general manager and the general manager of the subsidiary of Xiamen C&D Paper Co., Ltd. and other positions, and served as deputy general manager from March 2023 to July 2023. He has served as an executive director and the chief executive officer of C&D Newin Paper & Pulp Corporation Limited (建發新勝漿紙有限公司, a company listed on the Stock Exchange under the stock code of 0731) from January 2022 to September 2023..

Mr. SHI graduated from Ningbo University (寧波大學) in July 1997, majoring in economic management.

Mr. YANG Yingwu, aged 41, joined the Company in August 2023 and served as an executive Director and deputy general manager. Prior to joining the Company, Mr. YANG had served at Xiamen Branch of Bank of China Limited (中國銀行股份有限公司廈門市分行) from October 2006 to August 2008. He worked at Xiamen C&D from August 2008 to July 2023, where he successively served as the director of finance department, professional manager, senior professional manager, deputy general manager and other positions from August 2008 to February 2020. He served as the financial director of Xiamen C&D Property Asset Co., Ltd. (廈門建發物產有限公司) from February 2020 to March 2023, and the financial director of Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發漿紙集團有限公司) from March 2023 to July 2023.

Mr. YANG graduated from Xiamen University with a bachelor's degree in July 2006.

NON-EXECUTIVE DIRECTORS

Ms. YE Yanliu, aged 53, is a corporate lawyer in China. She joined the Company in July 2025 and served as a non-executive director. Ms. YE currently serves as a director of Xiamen C&D and the deputy general manager of Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司) and a non-executive director of C&D International Investment Group Limited (建發國際投資集團有限公司, a company listed on the Stock Exchange under the stock code 1908). She successively served as the deputy manager of the legal affairs department and general manager of the legal affairs department, the legal affairs director and general legal consultant of Xiamen C&D Group Co., Ltd. and the chairman of the board of supervisors of Xiamen C&D.

Mr. ZOU Shaorong, aged 49, joined the Company in February 2023 and served as a non-executive Director. Mr. ZOU has successively served as the general manager of legal affairs department, legal affairs director, the general counsel, the investment director, the Secretary to the Board of Xiamen C&D Group Co., Ltd. since July 2000 and the deputy general manager since July 2023. He has served as a supervisor of Xiamen C&D Inc. from May 2016 to May 2022, a director of Xiamen C&D Inc. since May 2022 and a deputy general manager of Xiamen C&D Group Co., Ltd. since July 2023.

Mr. ZOU graduated from Xiamen University with a master's degree in June 2011.

Mr. CHE Jianxing, aged 59, started his career in furniture manufacturing in the late 1980s. He established Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司) in December 1990 and served as its general manager from 1990 to 1994; he founded Red Star Furniture Group Co., Ltd. (紅星傢俱集團有限公司) in June 1994 and served as its chairman of the board of directors and general manager from 1994 to 2007; he founded Shanghai Red Star Macalline Home Furnishings Company Limited (上海紅星美凱龍家居傢飾品有限公司), the predecessor of the Company, in 2007, served as the chairman of the Board and the general manager from 2007 to August 2023, served as an executive Director and general manager from August 2023 to July 2025, served as an executive Director from July 2025 to October 2025, and was re-designated as a non-executive Director since October 2025. Mr. CHE has served as a director and other positions in several subsidiaries of the Company, including "Xiamen Red Star Macalline Film and Television Culture Entertainment Co., Limited" (廈門紅星美凱龍影視文化娛樂有限公司). Mr. CHE is a member of the executive committee of All-China Federation of Industry & Commerce, the vice president of Shanghai Federation of Industry and Commerce and a standing member of the fourteen session of the Political Consultative Conference Shanghai Committee (上海市政協第十四屆委員會). Mr. CHE was awarded the "Outstanding Individual in the Work of Unionization of Shanghai (上海市統一戰線工作先進個人)" by Shanghai Unionization Department (上海市統戰部) in December 2018 and the "Excellent Entrepreneur of Shanghai (上海市優秀企業家)" by Shanghai Enterprise Association in February 2019.

Mr. XU Guofeng, aged 60, joined in the Company since June 2007 and successively served as executive Director, deputy general manager and served as a non-executive Director since August 2025. He has successively served as a factory manager at the Changzhou Red Star Furniture General Factory (常州市紅星傢俱總廠), a vice president of Red Star Furniture Group (紅星傢俱集團); and has been serving as executive president of Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) since February 2021. Mr. XU is the brother-in-law of Mr. CHE. Mr. XU completed the executive master of business administration program at Cheung Kong Graduate School of Business (長江商學院).

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. XUE Wei, aged 47, has been appointed as an independent non-executive Director of the Company since August 2023. Mr. XUE has been serving as a lecturer and associate professor in Xiamen National Accounting Institute (廈門國家會計學院) since December 2015, and the director of the editorial department of “Yunding Caishuo” (雲頂財說) of Xiamen National Accounting Institute since January 2018, engaging in the teaching and training of finance and accounting, tax theory and practice and business practice, and was appointed as a researcher of the China Taxation Research Institute for Large Enterprises (中國大企業稅收研究所) in August 2022. He has been a consulting partner of Mazars CPA Limited LLP (中審眾環會計師事務所 (特殊普通合夥)) and Haihua Tax Accountant Firm Co., Ltd. (海華稅務師事務所有限公司) since July 2020, engaging in the research of finance and taxation practice. He currently serves as a supervisor at Xiamen Annaxi Management Consulting Co., Ltd. (廈門安納西管理諮詢有限公司) and as an independent director at Xiamen Citius Filter Media Technology Incorporated Company (廈門廈迪亞斯過濾材料技術股份有限公司) and Xiamen Bolion Tech. Co., Ltd. (廈門市鉅聯科技股份有限公司).

Mr. XUE graduated from Xiamen University and obtained a doctorate degree in management majoring in accounting in June 2015.

Mr. CHEN Shanang, aged 59, has been appointed as an independent non-executive Director of the Company since August 2023. Mr. CHEN has been teaching in the Department of Finance, School of Economics, Xiamen University since March 1990. He had served as an independent director of listed companies including Xiamen Kehua Hengsheng Co., Ltd. (廈門科華恒盛股份有限公司), a company now known as Kehua Data Co., Ltd. (科華數據股份有限公司) and listed on the Shenzhen Stock Exchange under the stock code of 002335), Shenzhen Soling Industrial Co., Ltd. (深圳市索菱實業股份有限公司, a company listed on the Shenzhen Stock Exchange under the stock code of 002766) and Bank of Changsha Co., Ltd. (長沙銀行股份有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 601577) and non-listed companies including China Industrial Asset Management Co., Ltd. (興業資產管理有限公司), Xiamen Keytop Comm. & Tech. Co., Ltd. (廈門科拓通訊技術股份有限公司) and Fujian Kaili Bio-product Co., Ltd. (福建凱立生物製品有限公司). He is currently an associate professor and postgraduate tutor in the Department of Finance, School of Economics, Xiamen University. He currently serves as an independent director at Xiamen Financial Leasing Co., Ltd. (廈門金融租賃有限公司) and Gresgying Digital Technology Co., Ltd. (綠能慧充數字能源技術股份有限公司), (a company listed on the Shanghai Stock Exchange under the stock code of 600212).

Mr. CHEN Shanang graduated from Xiamen University with a doctoral degree in finance in December 2003.

Mr. HUANG Jianzhong, aged 63, has been appointed as an independent non-executive Director of the Company since August 2023. Mr. HUANG had served as the deputy director of the Department of Foreign Trade, the director of the Department of International Trade, and the deputy dean of the School of Economics of Xiamen University, the director of the Fujian Province Enterprise Planning Center, the party committee secretary and dean of the School of International Trade, the dean of the Graduate School, the dean of the Free Trade Port Strategy Research Institute, and the director of the International Trade Research Institute of Shanghai University of International Business and Economics (上海對外經貿大學). He is currently a Level II professor and doctoral advisor at Shanghai University of International Business and Economics, and concurrently serves as the WTO Chair Holder, vice president of the China Association of International Trade (中國國際貿易學會), a consultant to the Fujian Provincial People's Government, and a member of the Overseas Chinese Ethnic Religion Affairs Committee and the Foreign Affairs Committee of the 15th and 16th Shanghai Municipal People's Congress.

Mr. HUANG Jianzhong graduated from Xiamen University with a doctoral degree in economics in April 1997.

Directors and Senior Management

Mr. WONG Chi Wai, aged 56, has been appointed as an independent non-executive Director of the Company since August 2023. Mr. WONG has served as the vice president and general counsel for Asia in Taubman Asia Management Limited (塔博曼亞洲管理有限公司) from 2011 to 2022 and the head of the legal department in Great Eagle Holdings Limited (香港鷹君集團有限公司), a company listed on the Stock Exchange under the stock code of 0041) from 2006 to 2011. Mr. WONG Chi Wai obtained his bachelor's degree in laws from the University of Hong Kong (香港大學) and Peking University in 1991 and 1998 respectively, and obtained his master's degree in laws from the University of Hong Kong in November 2018. Mr. WONG Chi Wai has worked in several international law firms, including Baker & McKenzie (貝克 • 麥堅時律師事務所), Sidley Austin LLP (美國盛德律師事務所) and Herbert Smith Freehills LLP (史密夫斐爾律師事務所).

Mr. CAI Qinghui, aged 51, has been appointed as an independent non-executive Director of the Company since August 2023. Mr. CAI has been working in the School of Law of Xiamen University since August 2000 and has been working as a teaching assistant in the Department of Law of Xiamen University, a lecturer in the Department of Law of Xiamen University and a part-time attorney in Fidelity Law Firm (福建信實律師事務所), etc. He has been serving as an associate professor and a master advisor in the School of Law of Xiamen University since August 2005. He currently serves as an independent non-executive director of XIAMEN JIHONG CO., LTD. (廈門吉宏科技股份有限公司), (a company listed on the Stock Exchange under the stock code of 2603) and an independent director of Xiamen Intretech Inc. (廈門盈趣科技有限公司) (a company listed on the Shenzhen Stock Exchange under the stock code of 002925).

Mr. CAI graduated from Xiamen University and obtained a doctoral degree in law in May 2009.

EMPLOYEE DIRECTOR

Mr. ZHENG Jianjie, aged 43, joined the Company in July 2025 serving as vice president of the Company, and serving as the employee Director of the Company since August 2025. He is responsible for overseeing the Company's internal audit and supervision functions. Prior to joining our Company, Mr. ZHENG successively served as an auditor and a manager in the audit department at Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司) and Xiamen C&D Tourism Group Co., Ltd. (廈門建發旅遊集團股份有限公司) from July 2005 to March 2015. From April 2015 to August 2017, he served as a deputy general manager of the audit department at Xiamen Xiangyu Co., Ltd. (廈門象嶼股份有限公司, a company listed on the Shanghai Stock Exchange under the stock code 600057). From September 2017 to December 2019, he served as deputy director of audit and supervision at Anta Sports Products Limited (安踏體育用品有限公司), a company listed on Stock Exchange under the stock code 2020). From April 2020 to December 2023, he was the director of the internal control and audit center at Xiamen Hongxin Electron Technology Group Co., Ltd. (廈門弘信電子科技集團股份有限公司, a company listed on the Shenzhen Stock Exchange under the stock code 300657). From December 2023 to June 2025, he served as director of compliance and supervision at Jomoo Kitchen and Bathroom Co., Ltd. (九牧廚衛股份有限公司).

Mr. ZHENG graduated from Beijing Technology and Business University in June 2005 with a major in Accounting.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. ZHU Jiagui, aged 47, joined the Company in April 2013 and successively served as the assistant to vice president, general manager of the merchants center as well as the special assistant to the vice chairman of the Board, assistant president and executive president of the Company, and serving as a deputy general manager since October 2025. Prior to joining our Company, Mr. ZHU served as deputy general manager and general manager of the marketing management center of Suning Appliance Group Co., Ltd. (蘇寧電器集團有限公司) from July 2001 to January 2013.

Mr. ZHU graduated from Soochow University with a bachelor's degree in June 2011.

Mr. CAO Shu, aged 39, a non-practicing member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會). He joined the Company in July 2025 and has been presiding over the work of the securities affairs department of the Company, and he has served as the Secretary to the Board and a Joint Company Secretary of the Company since January 2026. Prior to joining our Company, Mr. CAO served as a managing director at Hangzhou Fenghua Investment Management Co., Ltd. (杭州楓華投資管理有限公司) from March 2018 to February 2022, a partner at Shanghai Zeyi Venture Capital Co., Ltd. (上海澤壹創業投資有限公司) from February 2022 to March 2025, and an assistant to the president at Shanying International Holdings Co., Ltd.* (山鷹國際控股股份有限公司) from March 2025 to July 2025.

Mr. CAO graduated from Xiamen University in June 2011 with a master's degree in accountancy.

Report of Directors

The Board of Directors of the Company is pleased to present this annual report together with the audited Consolidated Financial Statements of the Group as of the end of the Reporting Period.

CORPORATE INFORMATION, GLOBAL OFFERING AND A-SHARE LISTING

The Company was incorporated in the PRC on 6 January 2011 as a sino-foreign joint stock company with limited liability. The Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1528) on 26 June 2015. The A Shares of the Company were listed and commenced trading on the Shanghai Stock Exchange (stock code: 601828) on 17 January 2018.

PRINCIPAL ACTIVITIES

The Group operates as a leading home improvement and furnishing shopping mall operator in China principally engaged in the operation of Owned/Leased Portfolio Shopping Malls, Managed Shopping Malls, construction and decoration services and other services. The principal activities of the Group are as follows:

- i. Owned/Leased Portfolio Shopping Malls including leasing floor areas to the merchants and providing comprehensive and continuous operation and management support to them;
- ii. Managed Shopping Malls including providing initiation, consultation and management services to the Group's partners to develop and manage the shopping malls under the Group's own brand;
- iii. Construction and decoration services including providing construction, design and decorating services.

Other services including providing other comprehensive services to the customers, such as joint marketing, strategy consultation, retail sales of goods, cleaning services, internet services, etc.

Please refer to Note 56 to the Consolidated Financial Statements on page 287 for details of the principal activities of the principal subsidiaries of the Group. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

Report of Directors

SUMMARY OF FINANCIAL INFORMATION AND OPERATING RESULTS

Please refer to page 5 of this report for a summary of financial information and operating results of the Group as of the end of the Reporting Period.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the section headed "Chairman's Statement" on page 7 as well as the section headed "Management Discussion and Analysis" on page 9. Description of possible risks that the Group may be facing can be found in the section headed "Management Discussion and Analysis" on page 24. Also, the risk management objectives and policies of the Group can be found in the section headed "Corporate Governance Report" on page 67. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2025 are provided in the section headed "Report of Directors" on page 66. An analysis of the Group's performance during the year using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" on page 16.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are subject to certain environmental protection laws and regulations, including the Prevention and Control of Water Pollution Law of the People's Republic of China (《中華人民共和國水污染防治法》), the Prevention and Control of Atmospheric Pollution Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), the Prevention and Control of Noise Pollution Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Prevention and Control of Environmental Pollution by Solid Waste Law of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Administrative Regulations on Environmental Protection for Acceptance Examination upon Completion of Buildings (《建設項目竣工環境保護驗收管理辦法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》).

Each of our property development projects is required under the laws of China to undergo environmental impact assessments. We must submit the relevant environmental impact study or report to the environmental authorities, along with other required documents, for evaluation and approval by the authorized environmental protection authorities. The approval from the relevant government authorities will specify the standards applicable to the construction projects with respect to areas such as air pollution, noise emissions and water and waste discharge. Such measures are required to be incorporated into the design, construction and operation of the particular project. Upon completion of each project, the relevant government authorities will also inspect the site to ensure that all applicable environmental standards have been complied with.

We have taken and will continue to take specific measures to ensure our compliance with applicable environmental laws and regulations, including (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. We also undertake voluntary environmental protection actions and make energy conservation and emission reduction our top considerations when designing our property projects. We expect the annual costs of compliance going forward to be substantially similar, assuming that there will not be any material changes in environmental protection laws and regulations.

As at the end of the Reporting Period, none of our shopping malls had received any material fines or penalties associated with any breach of any environmental laws or regulations since the commencement of their operations.

The Board has overall responsibility for our environmental, social and governance (“ESG”) strategy and reporting. The Board is responsible for evaluating and determining our ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. A confirmation regarding effectiveness of these systems has been provided to the Board for the year ended 31 December 2025. A separate ESG report complying with the disclosure requirements under Appendix C2 to the Listing Rules will be published by the Group on the same day as this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group and its activities are required to comply with the requirements of laws and regulations of China, including but not limited to The Company Laws of the People's Republic of China (《中華人民共和國公司法》), The Law of the PRC on Protection of Consumer Rights and Interest (《中華人民共和國消費者權益保護法》), The Law of Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), Construction Law of the People's Republic of China (《中華人民共和國建築法》), laws, regulations and other normative documents. The Group focuses on internal risk management and control. The independent financial management center, legal department, internal control compliance department are established and are responsible for conducting specific analysis and review of the laws and regulations applicable to each business of the Company within the internal approval process and assign a professional team to effectively conduct management, inspections and rectification, to ensure that the Group is in compliance with relevant laws and regulations in all major aspects.

As far as the Board is aware, save as disclosed in this annual report, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects. The Group has adopted the Model Code.

DIVIDEND POLICY

The Articles of Association states that the Company may distribute dividends in cash or shares. The profit distribution of the Company should focus on the reasonable return for shareholders, and the profit distribution policy should maintain its continuity and stability; unless under special circumstances, the Company should distribute dividends mainly in cash if it records profit in the year and the accumulated undistributed profits are positive. The total profit distributed in cash for each year should not be less than 20% of the net profit that is available to distribute to shareholders of the Company.

The profit distribution policy of the Company is in compliance with the Articles of Association as well as the approval procedures. The policy, which has been reviewed by independent non-executive Directors, fully protects the legitimate rights and interests of medium and small investors and has clear standards on dividend distributions and dividend distribution ratio. The conditions and procedures of the adjustments and modification on the profit distribution policy are in compliance with relevant requirements and transparent.

RELATIONS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands well that employees are valuable assets and thus offers a competitive remuneration portfolio to attract and motivate employees. The Group reviews the employees' remuneration portfolio on a regular basis and makes necessary adjustments to align the market standards. The Group also understands that it is of great importance to maintain good relations with suppliers and customers for the realization of the short-term and long-term goals. For the purpose of maintaining the competitiveness of brands and the leading position, the Group is committed to providing premium products and services to customers. During the Reporting Period, the Group has no material and significant dispute with suppliers and/or customers.

KEY RISKS AND UNCERTAINTIES

For details of the Group's key risks and uncertain factors for the end of the Reporting Period, please refer to page 24 in the section headed "Management Discussion and Analysis – RISK FACTORS".

BANK LOANS AND OTHER BORROWINGS

Please refer to Note 34 to the Consolidated Financial Statements on page 203 for details of bank loans and other borrowings of the Group as of the end of the Reporting Period.

BONDS/DEBT INSTRUMENTS

The principal and interest of the 5.20% credit-enhanced bonds due 2025 with an aggregate principal amount of US\$249,700,000 were repaid in full and on time. As at the balance sheet date, our Group had not issued any other corporate bonds.

CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the Reporting Period.

Report of Directors

INVESTMENT PROPERTIES

All investment properties we owned were for rental income, and they are subject to medium-term lease in the PRC. Set out below are investment properties that are considered material by our Directors.

No.	Property	Existing use	Market value in existing
			state as at the end of the Reporting Period RMB '000
1.	Shanghai Zhenbei Phase II Mall No. 1058 Zhenbei Road Putuo District Shanghai The PRC	Shopping Mall	4,463,000
2.	Shanghai Pudong Hunan Mall No. 518 Linyu Road Pudong New District Shanghai The PRC	Shopping Mall	4,258,000
3.	Shanghai Wenshui Mall No. 1555 Wenshui Road Baoshan District Shanghai The PRC	Shopping Mall	3,653,000
4.	Zhengzhou Shangdu Mall No. 1 Shangdu Road Zhengdong New District Zhengzhou City Henan Province The PRC	Shopping Mall	2,622,000
5.	Nanjing Kazimen Mall No. 29 Kazimen Street Qinhuai District Nanjing City Jiangsu Province The PRC	Shopping Mall	2,373,000

No.	Property	Existing use	Market value in existing
			state as at the end of the Reporting Period RMB '000
6.	Hangzhou Zhizun Mall No. 888 Gudun Road Xihu District Hangzhou City Zhejiang Province The PRC	Shopping Mall	2,022,000
7.	Chongqing Jiangbei Shopping Mall No. 888 Xinnan Road Yubei District Chongqing The PRC	Shopping Mall	1,905,000
8.	Beijing East Fourth-Ring Mall No. 193 East Fourth-Ring Middle Road Chaoyang District Beijing The PRC	Shopping Mall	1,876,000
9.	Beijing North Fourth Ring Shopping Mall No. 1 Beishatan Chaoyang District Beijing The PRC	Shopping Mall	1,814,000
10.	Chengdu Tianfu New District Yixin Village, Huayang Street Tianfu New District Chengdu City Sichuan Province The PRC	Shopping Mall	1,809,000

PROPERTY, PLANT AND EQUIPMENT

Please refer to Note 18 to the Consolidated Financial Statements on page 174 for details of movements in the property, plant and equipment of the Group for the end of the Reporting Period.

Report of Directors

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at the end of the Reporting Period amounted to RMB5,780.77 million.

Please refer to the Company's statement of changes in equity on page 100 and the Company's consolidated statement of financial position on page 97 for the change in reserves of the Group and information about the statement of financial position of the Company for the end of the Reporting Period.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisition or disposal of the subsidiaries, associates and joint ventures during the Reporting Period.

FINAL DIVIDEND

The Board has proposed not to distribute cash dividend and not to convert capital reserve into share capital in 2025.

TAXATION RELIEF

The Company is not aware of any Shareholder who enjoy any tax relief and exemption as a result of holding the securities of the Company.

RETIREMENT BENEFITS

Please refer to Note 42 to the Consolidated Financial Statements on page 212 for details of retirement benefits of the Group for the end of the Reporting Period.

FINANCIAL SUMMARY

The Group's financial summary for the last five financial years is set out on page 318 of this annual report. This summary does not form part of the Consolidated Financial Statements.

MAJOR SUPPLIERS AND CUSTOMERS

The sales attributable to top five customers were RMB161.63 million, accounting for 2.46% of the total annual sales.

Purchases from the top five suppliers were RMB355.77 million, accounting for 17.59% of the total annual purchases. Purchases from the largest suppliers were RMB169.42 million, accounting for 8.38% of the total annual purchases.

For the year ended 31 December 2025, none of the Directors, their respective associates or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued Shares) has any interest in the Group's five largest suppliers.

Due to the nature of the Group's business, the sales attributable to top five customers accounted for less than 30% of the annual sales.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in Note 53 to the Consolidated Financial Statements, the following transactions constitute continuing connected transactions and connected transactions for the Company and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements of Chapter 14A of the Listing Rules for all the continuing connected transactions and connected transactions.

Save as disclosed in this annual report, during the Reporting Period, the Company had no related party transactions which are required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

Continuing Connected Transactions

(i) Products Procurement Agreement and Electricity Purchase Framework Agreement

On 12 July 2024, the Board has approved the Company to enter into the products procurement agreement (the **"Products Procurement Agreement"**) with Xiamen C&D, for a term from 1 January 2024 to 31 December 2026 (both days inclusive). Under this agreement, the Group agreed to procure from or procure through Xiamen C&D and its joint ventures and associates office supplies, alcohol and drinks, furniture, home appliances, home accessories, administrative welfare products, etc. (the **"Products"**). It is estimated that the maximum transaction amounts for the procurement under the Products Procurement Agreement for each of the three years ending 31 December 2026 will not exceed RMB25 million. The Directors consider that the transactions under the Products Procurement Agreement are in line with the normal development needs of the Company, facilitate the uniform management of the Company's procurement. The Company is able to obtain better procurement prices, which will produce a positive impact on the Company's future operations. Therefore, the transactions under the Products Procurement Agreement are in line with the interests of all Shareholders and the Company's long-term development strategy.

On 12 July 2024, the Board has approved the Company to enter into the electricity purchase framework agreement (the **"Electricity Purchase Framework Agreement"**) with Nanjing C&D Clean Energy Co., Ltd (南京建發清潔能源有限公司, **"C&D Clean Energy"**). Under this agreement, the Group will provide certain rooftops legally owned by the Group for C&D Clean Energy to build and operate distributed photovoltaic power stations (the **"Power Stations"**). The electricity generated from the Power Stations will be sold to the Group first, and the rest of the electricity will be distributed to the public electricity grid. The terms of the Electricity Purchase Framework Agreement commencing from 22 July 2024 to 21 July 2044 (both dates inclusive). The Company and C&D Clean Energy can negotiate on the renewal of the Electricity Purchase Framework Agreement within three months before the expiration of the Electricity Purchase Framework Agreement. Under the same condition, C&D Clean Energy have an option to renew the Electricity Purchase Framework Agreement on substantially the same terms for another five years and separate agreement will be signed. It is estimated that the maximum transaction amounts for the purchase of electricity under the Electricity Purchase Framework Agreement for the period commencing from 22 July 2024 to 31 December 2024 will not exceed RMB3.75 million. It is estimated that the maximum transaction amounts for the purchase of electricity under the Electricity Purchase Framework Agreement for the 19 years ending 31 December 2043 will not exceed RMB9 million. It is estimated that the maximum transaction amounts for the purchase of electricity under the Electricity Purchase Framework Agreement for the period commencing from 1 January 2044 to 21 July 2044 will not exceed RMB5.25 million. The Directors consider that this transaction is in line with the normal development needs of the Company, will help the Company reduce the energy costs of the shopping malls, and promote the green energy transformation of the shopping malls, thus producing a positive impact on the Company's future operations, which is in line with the interests of all shareholders and the Company's long-term development strategy, for further details, please refer to the announcement of the Company dated 12 July 2024.

Xiamen C&D is the Controlling Shareholder of the Company. C&D Clean Energy is a subsidiary of Xiamen C&D. Therefore, Xiamen C&D and C&D Clean Energy are connected persons of the Company, and the transactions between the Group and Xiamen C&D or C&D Clean Energy constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. As the transactions contemplated under the Products Procurement Agreement and Electricity Purchase Framework Agreement were entered into with parties connected with one another and were within a 12-month period with similar transaction nature, they are aggregated and treated as if they were one transaction. As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Products Procurement Agreement and Electricity Purchase Framework Agreement, on an aggregate basis, is higher than 0.1% but less than 5%, the transactions thereunder are subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Reporting Period, according to the Products Procurement Agreement, the procurement amount actually incurred by the Company was RMB7,368.3 thousand. According to the Electricity Purchase Framework Agreement, the electricity procurement amount actually incurred by the Company was RMB7,283.0 thousand.

(ii) Master Service Provision Agreement

On 12 July 2024, the Board has approved the Company to enter into the master service provision agreement (the “**Master Service Provision Agreement**”) with Xiamen C&D, with a term commencing from 1 January 2024 to 31 December 2026 (both days inclusive). Under this agreement, the Group agreed to provide Xiamen C&D and its joint ventures and associates certain supporting services, including but not limited to cleaning services, consultant services and agent services (the “**Services**”). On 27 September 2024, the Board has approved the Company to enter into the Supplemental Agreement I with Xiamen C&D, pursuant to which, (i) the scope of services provided by the Company under the Master Service Provision Agreement (the “**Services**”) shall include construction services; and (ii) the annual caps under the Master Service Provision Agreement for the three years ending 31 December 2026 will be revised from RMB20 million, RMB30 million and RMB40 million, respectively, to RMB40 million, RMB60 million and RMB50 million, respectively. Save for such revision of the scope of Services and the annual caps under the Master Service Provision Agreement, the principal terms of the Master Service Provision Agreement remain unchanged. The Directors consider that the Services provided by the Group will help the Group further expand its business scope and business scale, and improve its business acceptance capabilities, thus producing a positive impact on the Group's future operations and on current and future results, for further details, please refer to the announcements of the Company dated 12 July 2024 and 27 September 2024, respectively.

Xiamen C&D is the Controlling Shareholder of the Company. Therefore, Xiamen C&D is a connected person of the Company, and the transactions between the Group and Xiamen C&D constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the highest amount of the annual caps under the Master Service Provision Agreement is higher than 0.1% but less than 5%, the transactions thereunder are subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Reporting Period, according to the Master Service Provision Agreement, the service fee actually incurred by the Company was RMB2,924.5 thousand.

Report of Directors

(iii) Master Lease Agreement

On 12 July 2024, the Board has approved the Company to enter into the master lease agreement (the “**Master Lease Agreement**”) with Xiamen C&D. Under this agreement, Xiamen C&D and its joint ventures and associates agreed to lease office, parking area, warehouse and shop space, etc. (the “**Properties**”) from the Group. The term of the Master Lease Agreement commencing from 1 January 2024 to 31 December 2026 (both dates inclusive). It is estimated that the maximum rental fees payable to the Group under the Master Lease Agreement for each of the three years ending 31 December 2026 will not exceed RMB20 million. The Directors consider that the lease is in line with the normal development needs of the Company, is conducive to revitalizing the Company’s assets and improve the efficiency of asset utilization, thus producing a positive impact on the Group’s future operations and on the Group’s current and future results, for further details, please refer to the announcements of the Company dated 12 July 2024 and 27 September 2024, respectively.

Xiamen C&D is the Controlling Shareholder of the Company. Therefore, Xiamen C&D is a connected person of the Company, and the transactions between the Group and Xiamen C&D constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the highest amount of the annual caps under the Master Lease Agreement is higher than 0.1% but less than 5%, the transactions thereunder are subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

During the Reporting Period, according to the Master Lease Agreement, the actual lease payments received attributable to the reporting period by the Company was RMB6,293.4 thousand.

(iv) Contract Management Agreements with Xuzhou RSHFC, Xuzhou RSHFP, Yangzhou RSHFP, Jining Hongrui Real Estate Co., Ltd., Shaanxi Hongrui and Changzhou RSHFC

The Company and each of Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd.* (徐州紅星美凱龍國際傢俱裝飾城有限公司) (“**Xuzhou RSHFC**”), Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd.* (徐州紅星美凱龍全球家居生活廣場有限公司) (“**Xuzhou RSHFP**”), Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd.* (揚州紅星美凱龍全球家居生活廣場置業有限公司) (“**Yangzhou RSHFP**”), Jining Hongrui Real Estate Co., Ltd.* (濟寧鴻瑞置業有限公司) (“**Jining Hongrui**”, currently known as “**Jining Hongrui Market Management Company Limited**”) and Shaanxi Hongrui Home Furnishings Plaza Co., Ltd.* (陝西鴻瑞家居生活廣場有限公司) (“**Shaanxi Hongrui**”) (“**Associated Business Partners**”) entered into the contract management agreement and the supplementary agreement (the “**Contract Management Agreements**”), as the case may be, pursuant to which the Company will manage and operate the home improvement and furnishing shopping malls owned by each respective Associated Business Partner. As such contract management agreements are of the same nature and have been entered into with parties who become connected persons of the Company under Rule 14A.07 of the Listing Rules by virtue of being the Associates of Mr. CHE Jianxing, whom is a non-executive Director of the Company, these agreements have been classified as aggregated under the Listing Rules.

As such, the contract management transactions contemplated under the Contract Management Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Under each of the contract management agreements, the Company initially charged our Associated Business Partners a fixed amount of the management fee ranging from RMB2.0 million to RMB6.0 million per annum, as the case may be, which was in line with our pricing policy for contract management arrangements entered into prior to 2013. In December 2013 and January 2014, the Company entered into supplemental agreements with Xuzhou RSHFC, Xuzhou RSHFP and Jining Hongrui Market Management Company Limited, under which the Company and the relevant Associated Business Partners agreed to revise the pricing mechanism relating to the management fee from a fixed flat rate to a percentage of the total amount of rental received by each respective Associated Business Partner, subject to a minimum amount of the annual management fee. The adjustment was made after arm's length negotiations between us and each respective Associated Business Partner to reflect current market conditions. The terms and conditions under our contract management agreements with Yangzhou RSHFP and Shaanxi Hongrui remain unchanged, except that the Company waived part of the management fee payable by Shaanxi Hongrui in 2014 on a one-off basis due to Shaanxi Hongrui's special request. Each of these five contract management agreements is for a term ranging from seven to ten years commencing from its signing date.

The amount of the management fee under the five contract management agreements was determined based on: (i) the local market conditions; (ii) our estimation of the future rental income level for each respective shopping mall; and (iii) our respective business partner's expectation of the future rental income.

Each of the contract management agreements is for a term ranging from 3 to 10 years commencing from its respective signing date. On 1 July, 8 September, 26 September and 26 December 2025, the Board of Directors respectively approved our Group to enter into contract management agreements or supplemental agreements with Changzhou RSHFC, Jining Hongrui, Shaanxi Hongrui and Yangzhou RSHFP for terms ranging from one to three years. As the Group will continue carrying out the transactions contemplated thereunder in its ordinary and usual course of business, the Board proposed to set the new annual caps for the contract management agreements with Changzhou RSHFC, Jining Hongrui, Shaanxi Hongrui and Yangzhou RSHFP respectively, which in turn will also lead to changes to the overall annual caps for the contract management agreements for the years ended 31 December 2025 and 2026. For each of the years ending 31 December 2025 and 2026, the total management fees receivable by the Company under the six contract management agreements with the Associated Business Partners will be RMB13.16 million and RMB5.31 million, respectively.

The Associated Business Partners are associates of Mr. Che and thus connected persons of the Company under the Listing Rules. Accordingly, the Contract Management Agreement(s) and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Additionally, the transactions contemplated under the Contract Management Agreement(s) and Other Contract Management Agreement(s) are of the same nature, and have thus been aggregated and treated as if they were one under the Listing Rules. Therefore, the annual caps in respect of the transactions contemplated under the Contract Management Agreement(s) and the Other Contract Management Agreement(s) are aggregated for the purpose of calculating the relevant percentage ratios under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for the new annual caps under the Contract Management Agreement(s) and the Other Contract Management Agreement(s), on an aggregated basis, is above 0.1% but below 5%, the Contract Management Agreement(s) and the transactions contemplated thereunder are only subject to the annual review, reporting and announcement requirements as set out in Chapter 14A of the Listing Rules, but are exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirements.

During the Reporting Period, the management fees received and receivable by the Company pursuant to these agreements and these supplemental agreements amounted to RMB10.08 million.

Report of Directors

Supplemental Contract Management Agreement with Xuzhou RSHFP

A supplemental contract management agreement was not entered into between the Group and Xuzhou RSHFP before the expiry of the agreement which expired on 31 December 2025 due to ongoing commercial negotiations, particularly in relation to pricing terms, which remained unresolved despite multiple rounds of discussions since November 2025. Coupled with internal approval processes, this resulted in a delay in formalising a written agreement, and the Board only approved the Group to enter into the supplemental contract management agreement with Xuzhou RSHFP on 16 April 2026, which governs the Group's provision of contract management service for Xuzhou RSHFP for a period commencing from 1 January 2026 to 31 August 2027. For further details of the supplemental agreement, please refer to the announcement of the Company dated 16 April 2026.

During the interim period from 1 January 2026 until the execution of a formal agreement, the Group continued to provide management services to ensure operational continuity. However, as no written agreement specifying the fee calculation basis was in place during this period, the relevant transactions did not fully comply with Rule 14A.34 of the Listing Rules. Notwithstanding this, the Group closely monitored transaction amounts with reference to prevailing market rates and ensured that all applicable percentage ratios remained below the de minimis thresholds under Chapter 14A of the Listing Rules.

To prevent recurrence of delays in entering into written agreements for connected transactions, the Company has enhanced its internal control measures. These include establishing a centralised register of connected transactions and related agreements with clear tracking of expiry dates, implementing an advance reminder system (at least three to six months prior to expiry, which shall be adjusted based on the complexity of the negotiations with the counterparty), and strengthening coordination among the Board secretary's office, business units, and legal and compliance department to ensure timely renewal and proper documentation of agreements. Depending on the status of ongoing discussions with the counterparty, the Group should also ensure that necessary written agreements in relation to continuing connected transactions be executed in a timely manner to reflect the status of consensus reached among parties. These measures will be fully implemented by 30 June 2026. Further, the Board confirms that the non-compliance was an isolated event, and the provision of management services during the interim period did not result in any material adverse impact on the Group.

(v) Entrusted Operation and Management Agreement

On 26 November 2024, Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司, “**Chengdu Macalline**”) entered into the Entrusted Operation and Management Agreement with Xiamen C&D Commercial Management Company Limited* (廈門建發商業管理有限公司, “**C&D Commercial Management**”), with a term of ten years and eleven months commencing from 26 November 2024, pursuant to which, Chengdu Macalline entrusted C&D Commercial Management to provide grand-opening preparation services, tenant sourcing service and operational services, and post-opening operation and management services for MKL Life Aesthetics Center, a commercial shopping centre project.

With a number of home furnishing shopping malls in Chengdu, the Company has already established its market position to a certain degree in the region. In order to better meet the diversified shopping needs of the neighbouring consumers and to enhance the Company’s operating results, the Company intends to use the Project as a pilot project transforming a home improvement and furnishings shopping mall to a general commercial shopping centre, so as to enable the malls in the Company’s portfolio to maintain relatively stable operations under different economic environment and market trends. C&D Commercial Management has owned and served various types of commercial projects nationwide. It has been engaged in mall management in Chengdu for more than seven years and has accumulated rich local market experience and stable customer base. Meanwhile, C&D Real Estate Corporation Limited (which is the parent company of C&D Commercial Management) (“**C&D Real Estate**”) has been operating its business in Chengdu for over 10 years. In particular, there are several residential communities developed and constructed by C&D Real Estate in the area where the Project is located. The residents of these residential communities will provide a steady stream of customers for the Project in the future. The revamp of the Project into a general commercial shopping centre aims to enhance the Company’s market influence in Chengdu and enrich the Company’s competitiveness through diversified mall portfolio. It is in line with the Company’s long-term development strategic needs and is conducive to revitalizing the Company’s assets and improving the efficiency of asset use and the performance of the Company. The Company currently expects that the revamp will have a positive impact on the Company’s future operations and is in the interests of the Company and the Shareholders as a whole, for further details, please refer to the announcement of the Company dated 26 November 2024.

Xiamen C&D is the Controlling Shareholder of the Company and C&D Commercial Management is a subsidiary of Xiamen C&D. Therefore, C&D Commercial Management is a connected person of the Company, and the transactions contemplated under the Entrusted Operation and Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the highest amount of the annual caps under the Entrusted Operation and Management Agreement is higher than 0.1% but less than 5%, the transactions thereunder are subject to reporting, annual review and announcement requirements but exempt from circular (including independent financial advice) and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The proposed annual caps on the Entrusted Management Service Fees paying by Chengdu Macalline for each year during the term of the Entrusted Operation and Management Agreement are set out below:

RMB in million

For the years ending 31 December											
2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1.00	35.00	50.00	56.00	62.00	67.00	70.00	73.00	76.00	79.00	82.00	85.00

During the Reporting Period, pursuant to the Entrusted Operation and Management Agreement, the Company incurred fees of RMB15.66 million.

Report of Directors

(vi) Loan Framework Agreement

On 11 April 2025, the Board resolved for the Company to enter into the Loan Framework Agreement with Xiamen C&D Inc. (廈門建發股份有限公司) (“**Xiamen C&D**”), and the Loan Framework Agreement was approved by the general meeting of the Company on 29 May 2025. Pursuant to the Loan Framework Agreement, Xiamen C&D either directly or through its designated subsidiaries, joint ventures, and associates (excluding the Group), or by entrusting banks, shall provide Revolving Facility up to RMB9.5 billion to the Company for the period of three years commencing from the date on which the Loan Framework Agreement, the Transactions and Annual Caps were approved by the Independent Shareholders at the EGM (i.e. 29 May 2025), and the interest rate for each drawdown shall be the 1-year loan prime rate published by the People’s Bank of China applicable on the date of drawdown plus floating point, which shall not exceed 90 basis points. The Company and its subsidiaries will provide certain real estate mortgages, equities, or receivables pledges held by it as collateral of the Revolving Facility. For the period from 29 May 2025 to 31 December 2025, the year ending 31 December 2026, the year ending 31 December 2027 and the period from 1 January 2028 to 28 May 2028, the maximum daily amounts of utilized loans between the Company and Xiamen C&D pursuant to the Loan Framework Agreement, being the Annual Caps for the Revolving Facility, including interest incurred, shall be RMB9.73 billion, RMB9.88 billion, RMB9.88 billion and RMB9.66 billion, respectively. The Directors are of the opinion that the Transaction safeguards the interests of both parties and will not harm the Company’s interests. It is conducive to meeting the Company’s working capital turnover needs and improving the efficiency of the Company’s fund usage. The Company is able to secure financing more quickly through borrowing from Xiamen C&D, and use of funds obtained through the Transaction are subject to fewer restrictions, offering greater flexibility for the Company to efficiently manage its cash flow.

For the period from 29 May 2025 to 31 December 2025, the actual accumulated amount of utilized loans between the Company and Xiamen C&D pursuant to the Loan Framework Agreement was RMB4.13 billion, and interest incurred by the Group under the Loan Framework Agreement was RMB0.02 billion.

Xiamen C&D is a substantial shareholder of the Company and a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Accordingly, the Transactions contemplated under the Loan Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the highest amount of the Annual Caps under the Loan Framework Agreement is higher than 5%, the Transactions thereunder are subject to reporting, annual review, announcement requirements, circular (including independent financial advice) and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

For further details, please refer to the announcement and circular of the Company dated 11 April 2025 and 13 May 2025, respectively.

Confirmation of Independent Non-executive Directors

The independent non-executive Directors, after taking into consideration of factors such as market environment, transaction amounts, corporate governance, have confirmed that the abovementioned continuing connected transactions and connected transactions for the year ended 31 December 2025 were entered into by the Group: (i) in the ordinary course of business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal Control Procedures Adopted by the Company in respect of the Implementation of Continuing Connected Transaction

The Company has assigned the finance department to monitor the continuing connected transactions. The finance department will prepare relevant information and materials in relation to the continuing connected transactions and submit the same to the Secretariat of the Board of Directors for compliance checking before submitting all relevant information and materials to the Board for consideration. All relevant information will be attached as appendices to the board resolutions. In relation to those continuing connected transactions conducted during the Reporting Period, the finance department and the securities affairs department have reviewed and considered the relevant information and materials to ensure compliance with relevant requirements (such as not exceeding the annual caps and ensuring the transactions are carried out in accordance with their respective terms) so as to protect the interests of our Shareholders.

Confirmation of Auditor

The auditor of the Company has issued its unqualified letter to the Board, which containing its findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, confirming that (i) nothing has come to their attention that causes the auditor to believe that the abovementioned continuing connected transactions have not been approved by the Board of Directors, (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group, (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not carried out, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of each of the transactions, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the related annual caps for the year ended 31 December 2025.

SHARE CAPITAL

Please refer to Note 40 to the Consolidated Financial Statements on page 210 for details of movements in the Company's total issued shares for the end of the Reporting Period.

EQUITY-LINKED AGREEMENT

Save as disclosed in this report, there was no equity-linked agreement entered into by the Company for the end of the Reporting Period.

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

During the year ended 31 December 2025, the Group did not purchase, sell or redeem any of the Company's listed securities (including the sale of any treasury shares). As at 31 December 2025, the Company held 1,044,800 A share treasury shares (the "**A Share Treasury Shares**"). The A Share Treasury Shares have been considered and approved for cancellation by the Company's general meeting and the cancellation had been implemented on 22 April 2026.

A Share Employee Stock Ownership Plan

In order to establish and improve the benefit-sharing mechanism between employees and the Shareholders to further improve the corporate governance of the Company, enhance the cohesion of employees and corporate competitiveness, and promote the Company's long-term, sustainable and healthy development, and in order to help enhance the employees' sense of responsibility towards the Company effectively, attract and retain outstanding management talents and core calibers, thus further enhancing employees' cohesion and the vitality of the Company, the Company formulated the Third Phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. (the "**Employee Stock Ownership Plan**") in accordance with the relevant laws and regulations and the Articles of Association. The relevant resolutions of the Employee Stock Ownership Plan have been approved by the Board and the general meeting of the Company by resolutions on 6 February 2021 and 19 March 2021, respectively.

The Employee Stock Ownership Plan does not involve granting the Company the option to issue new shares or any other new securities. The participants of the Employee Stock Ownership Plan are Directors, Supervisors, senior management of the Company and management and core personnel of its subsidiaries, the total number of which shall not be more than 800.

The source of the funds for the Employee Stock Ownership only Plan includes the participant's self-raised funds. The Company did not invest any fund in The funds raised by the Employee Stock Ownership Plan shall not exceed RMB300 million in total, divided into "units" for subscription and each unit is equal to RMB1.00. The total number of Shares of the Company held by any Holder according to the number of units he/she subscribed for in the plan shall not exceed 0.1% of the total share capital of the Company.

Report of Directors

The Employee Stock Ownership Plan will be managed by an appointed professional agency with asset management qualifications through the establishment of the Directional Plan. The source of shares of the Employee Stock Ownership Plan is the shares of the Company obtained and held through purchases on the secondary market or other means as permitted under the laws and regulations within six months after consideration and approval of the plan at the shareholders' general meeting. As of 13 May 2021, all purchases of stocks had been completed under the Employee Stock Ownership Plan, among which, 15,780,000 shares of the Company had been bought through "Shaanxi International Investment – Macalline Phase III Employee Shareholding Single Fund Trust Plan" (the "**Trust Plan**"), accounting for approximately 0.36% of the Company's total share capital as at the date of this report, with an average transaction price of RMB9.50 per share and a total transaction amount of RMB149.943 million.

The lock-up period of the Employee Stock Ownership Plan shall be 12 months, commencing from the date when the Company announces the registration of the last tranche of the Underlying Shares under the Trust Scheme, i.e. 13 May 2021 to 12 May 2022. As at 12 May 2022, the lock-up period already expired. The Management Committee will, within 12 months after the expiry of the lock-up period, be entitled to authorize the Asset Management Agency to sell or transfer the purchased Shares of the Company in accordance with the arrangements of the Employee Stock Ownership Plan and the prevailing market conditions.

Having been approved by the second Employee Stock Ownership Plan holders' meeting and the Board, the term of the Employee Stock Ownership Plan was extended to 28 January 2024 and the Management Committee was authorized to determine, at its discretion, matters in relation to the temporary extension of the term of the Employee Stock Ownership Plan and the disposal of equities, if not all the shares held under the Employee Stock Ownership Plan can be sold before the expiry of the term due to objective reasons or special circumstances, provided that the Management Committee shall continue to promote the sale and disposal of shares held under the Employee Stock Ownership Plan as soon as the above impact disappears. Having been approved by the third Employee Stock Ownership Plan holders' meeting, the fourth Employee Stock Ownership Plan holders' meeting and the Board, the term of the Employee Stock Ownership Plan was further extended to 26 September 2025.

Given that some holders of the Employee Stock Ownership Plan have indicated to the Employee Stock Ownership Plan Management Committee ("**Management Committee**") their intention not to continue to hold the units under the Employee Stock Ownership Plan during the extended term of the Employee Stock Ownership Plan and have issued in writing the confirmation letter of disposal of the units under the third phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. in advance during the extended term, after the expiration of the lock-up period of the Employee Stock Ownership Plan, the Management Committee, in order to exercise its rights to manage the distribution of benefits under the Employee Stock Ownership Plan and to decide on the dispose and distribution of the Underlying Shares, had entrusted Shaanxi International Trust Co., Ltd. to dispose a total of 9,963,800 A Shares of the Company held through the Trust Scheme, during the period between 8 May 2023 to 29 December 2023 and the period between 18 September 2024 to 30 September 2024. As of 30 July 2025, all 5,816,200 A Shares of the Company held under the Employee Stock Ownership Plan have been disposed. Pursuant to the relevant provisions of the Management Measure of the Employee Stock Ownership Plan, the Employee Stock Ownership Plan shall be terminated upon completion of the asset liquidation and distribution process.

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.

An analysis of the use of proceeds from the issuance of A Shares as of 31 December 2025 is set out below:

Unit: RMB'000

Total Proceeds	3,222,450
Issuance expenses	172,442
Net proceeds	3,050,008

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 Wanjia Shopping Mall Project	164,145	164,145	-	-	164,145	-	Fully invested
	Harbin Songbei Shopping Mall Project	294,809	294,809	-	-	294,809	-	Fully invested
	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. In accordance with the requirements of the Listing Rules, the Company expects to fully utilize the proceeds by 31 December 2026.
	Xining Expo Shopping Mall Project	110,000	110,000	-	-	110,013 ⁽¹⁾	-	Fully invested

Report of Directors

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
New Intelligent Home Furnishing Shopping Mall Project ⁽²⁾⁽³⁾	400,000	117,276	124	–	117,152	124	Terminated. In accordance with the requirements of the Listing Rules, the Company expects to fully utilize the proceeds by 31 December 2026.
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	271,893	311,893	–	Fully invested
Total	3,050,008	3,050,008	288,960	271,893	3,032,953	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 31 December 2025, the permanent working capital raised from the Company's initial public offering of A shares has been fully utilized. In addition, the outstanding payments for the Changsha Jinxia Shopping Mall Project are approximately RMB16,943 thousand, and the outstanding payments for the New Intelligence Home Furnishing Shopping Mall Project are approximately 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, where the net proceeds raised per subscription share was RMB 8.18. 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 proceeds from the non-public issuance of A shares as of 31 December 2025 is set out below:

Unit: RMB'000							
Total Proceeds		3,701,299.9					
Issuance expenses		22,936.1					
Net proceeds		3,678,363.8					

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
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.
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.

Report of Directors

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	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 (suspended) 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	Extended, the project is expected to be extended to December 2026.
Nanchang Chaoyang Xincheng Shopping Mall Project	160,910.0	160,910.0	–	–	160,910.0	–	Fully invested
Repayment of the Company's 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:

- 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, 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 (the actual amount is subject to the balance of the raised fund account on the day the funds are transferred out), and 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.
- In accordance with the requirements of the Listing Rules, the management of the Company currently expects that the investment of the remaining proceeds will be completed 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.
- The difference between the totals in the above table is due to rounding.
- As at 31 December 2025, the proceeds from the 2020 non-public issuance of approximately RMB845.4 million shall be used for permanent working capital replenishment.
- 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.

BOARD OF DIRECTORS

The Directors of the Company during the end of the Reporting Period are:

Executive Directors

Mr. LI Yupeng (*Chairman*)

Mr. SHI Yaofeng

Mr. YANG Yingwu

Non-executive Directors

Ms. YE Yanliu

Mr. ZOU Shaorong

Mr. CHE Jianxing

Mr. XU Guofeng

Independent Non-executive Directors

Mr. XUE Wei

Mr. HUANG Jianzhong

Mr. CHEN Shanang

Mr. WONG Chi Wai

Mr. CAI Qinghui

Employee Director

Mr. ZHENG Jianjie

Each of our directors has entered into a service contract with the Company. Pursuant to the service contracts, the initial term of each service contract is three years from the date of Shareholders' approvals for their appointment. In accordance with article 103 of the Articles of Association, the Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the end of the Reporting Period, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Report of Directors

SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

The Company

Name of Shareholders	Title	Class of Shares	Nature of Interest	Number of Shares/ Underlying Shares Held	Approximate Percentage of the Relevant Class of Shares ⁽¹⁾	Approximate Percentage of Total Shares ⁽¹⁾
CHE Jianxing (車建興) ⁽²⁾	Non-executive Director	A Shares	Beneficial owner	435,600 (Long position)	0.01%	0.01%
			Interest of spouse	48,620 (Long position)	0.00%	0.00%
XU Guofeng (徐國峰) ⁽³⁾	Non-executive Director	A Shares	Interest of spouse	123,420 (Long position)	0.00%	0.00%

Notes:

- (1) As at 31 December 2025, the Company had a total of 4,354,732,673 issued Shares, including 3,613,447,039 A Shares and 741,285,634 H Shares.
- (2) Mr. CHE Jianxing is the spouse of Ms. CHEN Shuhong. Under the SFO, Mr. CHE Jianxing is deemed to be interested in 48,620 A Shares in the Company held by Ms. CHEN Shuhong.
- (3) Mr. XU Guofeng is the spouse of Ms. CHE Jianfang (Mr. CHE Jianxing's sister). Under the SFO, Mr. XU Guofeng is deemed to be interested in 123,420 A Shares in the Company held by Ms. CHE Jianfang.

Save as disclosed above, as at the end of the Reporting Period, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or associated corporations (a) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (b) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) which will be required to be further notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the end of the Reporting Period, the interests or short positions in the shares or underlying shares of the Company which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, and which will be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein, as well as persons (other than the Directors or chief executive of the Company), or corporations deemed, directly and/or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings were as follows:

Name of Shareholders	Class of Shares	Capacity/ Nature of Interest	Number of Shares/ Underlying Shares Held	Approximate Percentage of the Relevant Class of Shares ⁽¹⁾	Approximate Percentage of Total Share Capital ⁽¹⁾
The State-owned Assets Supervision and Administration Commission of the Xiamen Municipal People's Government	A Shares	Interest of controlled corporation	1,304,242,436 (Long position)	36.09%	29.95%
RSM Holding	A Shares	Beneficial owner	824,831,858 (Long position)	22.83%	18.94%
Alibaba Group Holding Limited ⁽²⁾⁽³⁾	A Shares	Interest of controlled corporation	250,422,843 (Long position)	6.93%	5.75%
	H Shares	Interest of controlled corporation	33,716,163 (Long position)	4.55%	0.77%
Taobao China Holding Limited ⁽²⁾⁽³⁾	A Shares	Interest of controlled corporation	250,422,843 (Long position)	6.93%	5.75%
	H Shares	Beneficial owner	31,858,282 (Long position)	4.30%	0.73%
Taobao Holding Limited ⁽²⁾⁽³⁾	A Shares	Interest of controlled corporation	250,422,843 (Long position)	6.93%	5.75%
	H Shares	Interest of controlled corporation	31,858,282 (Long position)	4.30%	0.73%

Report of Directors

Name of Shareholders	Class of Shares	Capacity/ Nature of Interest	Number of Shares/ Underlying Shares Held	Approximate Percentage of the Relevant Class of Shares ⁽¹⁾	Approximate Percentage of Total Share Capital ⁽¹⁾
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) ⁽³⁾	A Shares	Interest of controlled corporation	250,422,843 (Long position)	6.93%	5.75%
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) ⁽³⁾	A Shares	Interest of controlled corporation	250,422,843 (Long position)	6.93%	5.75%
Hangzhou Haoyue Enterprise Management Co., Ltd. (杭州灝月企業管理有限公司) ⁽³⁾	A Shares	Beneficial owner	250,422,843 (Long position)	6.93%	5.75%
WONG Man Li ⁽⁴⁾	H Shares	Interest of controlled corporation	73,585,060 (Long position)	9.93%	1.69%
Man Wah Wong's Family Investments Limited ⁽⁴⁾	H Shares	Beneficial owner	73,585,060 (Long position)	9.93%	1.69%
HUI Wai Hing ⁽⁴⁾	H Shares	Interest of the spouse	73,585,060 (Long position)	9.93%	1.69%

Notes:

- (1) As at 31 December 2025, the Company had 4,354,732,673 issued Shares in total, comprised of 3,613,447,039 A Shares and 741,285,634 H Shares.
- (2) New Retail Strategic Opportunities Investments 4 Limited is directly interested in the 1,857,881 H shares of the Company. New Retail Strategic Opportunities Investments 4 Limited is directly 100% controlled by New Retail Strategic Opportunities Fund, L.P. New Retail Strategic Opportunities Fund GP, L.P. is the general partner of New Retail Strategic Opportunities Fund, L.P. and New Retail Strategic Opportunities GP Limited is the general partner of New Retail Strategic Opportunities Fund GP, L.P.

New Retail Strategic Opportunities Fund GP, L.P. is directly 100% controlled by Alibaba Investment Limited, the limited partner of New Retail Strategic Opportunities Fund GP, L.P. Meanwhile, New Retail Strategic Opportunities GP Limited is directly 100% controlled by Alibaba Investment Limited. Alibaba Investment Limited is directly 100% controlled by Alibaba Group Holding Limited. Therefore, Alibaba Group Holding Limited is deemed to be interested in the 1,857,881 H shares.

Taobao China Holding Limited is directly interested in the 31,858,282 H shares of the Company.

Taobao China Holding Limited is directly 100% controlled by Taobao Holding Limited. Taobao Holding Limited is directly 100% controlled by Alibaba Group Holding Limited. Therefore, Alibaba Group Holding Limited is deemed to be interested in the 31,858,282 H shares.

Alibaba Group Holding Limited is deemed to be interested in the 33,716,163 H shares.

- (3) Hangzhou Haoyue Enterprise Management Co., Ltd. is directly interested in the 250,422,843 A shares of the Company.

Hangzhou Haoyue Enterprise Management Co., Ltd. was 57.59% and 35.75% controlled by Tao Bao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd., respectively. Tao Bao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd. are directly 100% controlled by Taobao China Holding Limited. Taobao China Holding Limited is directly 100% controlled by Taobao Holding Limited, while Taobao Holding Limited is directly 100% controlled by Alibaba Group Holding Limited. Therefore, each of Tao Bao (China) Software Co., Ltd., Zhejiang Tmall Technology Co., Ltd., Taobao China Holding Limited, Taobao Holding Limited and Alibaba Group Holding Limited is deemed to be interested in the 250,422,843 A shares held by Hangzhou Haoyue Enterprise Management Co., Ltd (held through its controlled corporations) under the SFO.

- (4) Man Wah Wong's Family Investments Limited is directly 80% controlled by Mr. WONG Man Li and Man Wah Wong's Family Investments Limited is directly interested in the 73,585,060 H Shares of the Company. Therefore, Mr. WONG Man Li is deemed to be interested in the 73,585,060 H shares through Man Wah Wong's Family Investments Limited.

Ms. HUI Wai Hing is the spouse of Mr. WONG Man Li. Under the SFO, Ms. HUI Wai Hing is deemed to be interested in the same number of shares in which Mr. WONG Man Li is or deemed to be interested.

Save as disclosed above, as at the end of the Reporting Period, the Directors or chief executive of the Company were not aware of any persons (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Please refer to the section headed "Biographies of Directors and Senior Management" for biographical details of the Directors and senior management of the Company.

DIRECTORS' SERVICE CONTRACTS AND INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Each of our Directors entered into a contract with the Company. The principal particulars of these service contracts comprise:

- (a) a term of three years commencing from the date on which the relevant Shareholders' approvals for the appointment were obtained; and
- (b) termination provisions in accordance with their respective terms.

Each independent non-executive Director shall be subject to retirement by rotation for every two sessions, while other Directors shall be subject to retirement by rotation for every three sessions.

No Director has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than normal statutory obligations).

Save as disclosed in this annual report, as at the end of the Reporting Period, none of the Directors or entities connected with the Directors were materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party.

Report of Directors

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report with regard to those continuing connected transactions entered into with our Controlling Shareholders, no Controlling Shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

MANAGEMENT CONTRACTS

For the year ended 31 December 2025, other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage the whole or any substantial part of any business of the Company during the Reporting Period.

DIRECTORS' PERMITTED INDEMNITY PROVISION

At no time during the year ended 31 December 2025 and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors of the Company (whether made by the Company or otherwise) or of an associated company (if made by the Company). The Company has arranged appropriate directors' and senior officers' liability insurance coverage for the Directors and senior officers of the Group as at the end of the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As disclosed in the Prospectus, Mr. CHE and his Close Associates continue to hold interests in certain businesses (the "**Restricted Business**"), which are in competition, or are likely to compete with the core operations (i.e. the business of operating and managing home improvement and furnishing shopping malls in the PRC) of the Group (the "**Core Operations**").

1. Property held by Changzhou RSHFC

Shanghai Red Star Macalline Brand Management Co., Ltd., a wholly-owned subsidiary of the Company, operates and manages a property held by Changzhou RSHFC. Changzhou RSHFC is an individual proprietary enterprise (個人獨資企業) established by Mr. CHE under the PRC laws. Prior to April 2011, Changzhou RSHFC had used the property to operate its Portfolio Shopping Mall which was named as "**Changzhou Red Star Mall**" at that time. In order to consolidate the Group's Core Operations and minimize potential competition and conflicts of interests with Mr. CHE and his Close Associates, Changzhou RSHFC ceased to engage in home improvement and furnishing shopping mall business from April 2011, and the Group was engaged to operate and manage the property, given that the transfer of such property to the Group would have given rise to tax implications.

We have adopted corporate governance measures to manage potential conflicts of interest between the Group, Mr. CHE and his Close Associates.

Save as disclosed in the Prospectus and in this annual report, none of Directors has interest in business which is in competition, or is likely to compete, with the Company.

NON-COMPETITION UNDERTAKING

In order to ensure that there is no competition between our Core Operations and the other business activities of Mr. CHE and his Close Associates, Mr. CHE and RSM Holding have entered into a non-competition undertaking (the **“Non-Competition Undertaking”**) in favor of our Company, under which they have undertaken that they will not directly or indirectly, whether as principal or agent, either on their own account or in conjunction with or on behalf of any person, firm, or company, engage, participate or hold any right or interest in any Restricted Business and will use their best efforts to procure that their respective Close Associates (other than any member of our Group) will not, directly or indirectly, whether as principal or agent, either on their own account or in conjunction with or on behalf of any person, firm, or company, engage, participate or hold any right or interest in any Restricted Business.

Under the Non-Competition Undertaking, Mr. CHE and RSM Holding have, among others, (i) undertaken to offer new business opportunities in any Restricted Business to the Company on terms and conditions no less favorable than those offered to them or their respective Close Associates; (ii) undertaken to assist our repurchase of the relevant shopping malls, including Chengdu Jinniu Shopping Mall; and (iii) granted an option and right of first refusal for the Company to purchase the property leased from Changzhou RSHFC. For further details, please refer to the Prospectus – “Relationship with Our Controlling Shareholders”.

Mr. CHE and RSM Holding have confirmed their compliance with the Non-Competition Undertaking during the Reporting Period. The independent non-executive Directors have also reviewed the compliance with the Non-Competition Undertaking by Mr. CHE and RSM Holding and are satisfied that they have complied with the undertakings.

DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, at no time during the Reporting Period was the Company or any of its subsidiaries or holding company or any subsidiary of the Company’s holding company, a party to any arrangement that would enable the Directors or the Supervisors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or the Supervisors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Report of Directors

EMOLUMENTS OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THE FIVE HIGHEST PAID INDIVIDUALS

Please refer to Note 13 and 14 to the Consolidated Financial Statements on page 163 to 168 for details of the emoluments of the Directors, Supervisors and senior management and the five highest paid individuals of the Company.

The table below shows the remuneration of senior management by band:

(RMB)	2025 (members of senior management)	2024 (members of senior management)
1-1,000,000	1	–
1,000,001-1,500,000	1	–
1,500,001-2,000,000	1	3
2,000,001-2,500,000	1	1
2,500,001-3,000,000	–	–
3,000,001-3,500,000	–	–
3,500,001-4,000,000	–	1
4,000,001-4,500,000	–	–
4,500,001-5,000,000	–	–
5,000,001-5,500,000	–	2

REMUNERATION POLICY AND DIRECTORS' REMUNERATION

The remuneration of our employees consists of basic salary and performance bonuses. The Company conducts annual evaluations of our employees, supplemented by random checks from time to time. The evaluation results are linked directly with the employees' remuneration. Selected employees with outstanding work performance and records are promoted to managerial positions.

In accordance with the applicable PRC laws and regulations, as well as compulsory requirements of the local authorities where our shopping malls are located, the Company contributed to various social insurance plans such as pension contribution plans, medical insurance plans, unemployment insurance plans, maternity insurance plans and work injury insurance plans for our employees. The amount of required contribution as a percentage of our employees' salaries varies from place to place, depending on relevant salary levels, location of the operation and other factors such as the average age of our employees. During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

Our Directors receive compensation in the form of Directors' fees, salaries, housing allowances and other allowances, benefits in kind, the employer's contribution to the pension schemes and discretionary bonuses. Please refer to Note 13 to the Consolidated Financial Statements on page 163 for details of the Directors' remuneration as at the end of the Reporting Period.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors, namely Mr. XUE Wei, Mr. HUANG Jianzhong, Mr. CHEN Shanang, Mr. WONG Chi Wai and Mr. CAI Qinghui, the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. The Company considers that the independent non-executive Directors have been independent during the Reporting Period and remain so as at the date of this annual report.

MATERIAL LEGAL PROCEEDINGS

As of the end of the Reporting Period, the Company was not involved in any material litigation or claims and no material litigation or arbitration was pending or threatened against the Company so far as the Company is aware.

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 (the “**Listing Rules**”).

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

Report of Directors

AUDITOR

On 20 October 2023, the Company has, after considering situations such as business development needs and audit needs, ceased the appointment with Zhongxingcai Guanghua Certified Public Accountants LLP and HLB Hodgson Impey Cheng Limited as the auditors of the Company upon the communication and negotiation with them. In addition, as proposed by the Audit Committee, the Company proposes to appoint RSM China as the China Accounting Standards auditor and internal control auditor of the Company for the year 2023 and CL Partners CPA Limited as the Company's auditor for 2023 in accordance with International Accounting Standards. At the fourth extraordinary general meeting of 2023 held on 13 November 2023, the Shareholders considered and approved the ordinary resolutions proposing the change of auditors of the Company and decided to appoint CL Partners CPA Limited as the Company's auditor for 2023 in accordance with International Accounting Standards for the period until the conclusion of the next annual general meeting. For details, please refer to the circular dated 25 October 2023 and the announcement dated 20 October 2023 of the Company.

At the 2023 annual general meeting held on 23 May 2024, the Shareholders considered and approved the ordinary resolution proposing the reappointment of auditors of the Company and decided to appoint CL Partners CPA Limited as the Company's auditor for 2024 in accordance with International Accounting Standards for the period until the conclusion of the next annual general meeting. For details, please refer to the circular dated 29 April 2024 of the Company.

At the 2024 annual general meeting held on 23 May 2025, the Shareholders considered and approved the ordinary resolution proposing the reappointment of auditors of the Company and decided to appoint CL Partners CPA Limited (currently known as Rongcheng (Hong Kong) CPA Limited) as the Company's auditor for 2025 in accordance with International Accounting Standards for the period until the conclusion of the next annual general meeting. For details, please refer to the circular dated 29 April 2025 of the Company.

The consolidated financial statements have been audited by the Company's auditor, Rongcheng (Hong Kong) CPA Limited, which is the Company's auditor for 2025 in accordance with International Accounting Standards.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the PRC.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange granted a waiver under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company's issued share capital (the "**Minimum Public Float**") on the conditions that:

- i. the Minimum Public Float of the Company should be at the highest of: (a) 15.10%; (b) such percentage of Shares held by the public after completion of the Global Offering; and (c) such percentage of Shares held by the public after the exercise of the over-allotment option;
- ii. the Company will confirm sufficiency of public float in successive annual reports after Listing;
- iii. the Company will implement appropriate measures to ensure continual maintenance of the Minimum Public Float prescribed by the Stock Exchange.

The over-allotment option has not been exercised. Accordingly, the Company has complied with the public float requirement, which is at the highest of such percentage (being 15.10%) of Shares held by the public immediately after the Global Offering. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the waiver.

VOTING BY POLL

During the Reporting Period, all votes of shareholders were taken by poll in the annual general meeting and extraordinary general meetings of the Company. Pursuant to the Rule 13.39(4) of the Listing Rules, all votes of shareholders will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

CLOSURE OF THE REGISTER OF MEMBERS

As the date of the 2025 annual general meeting of the Company has not yet been determined, the period for determining eligibility to attend and vote at the 2025 annual general meeting and for the suspension of share transfers will be set out in the notice of the 2025 annual general meeting to be issued after such information is confirmed, which is expected to be sent to shareholders in May 2026.

Report of Directors

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors, Supervisors and chief executive of the Company during the Reporting Period are set out below:

Name	Position before change	Details of Change	Reasons of Change
Mr. WANG Wenhui	Non-executive Director	Resigned from his positions as a non-executive Director and as a member of the strategy and investment committee of the Board on 19 February 2025	work arrangements
Mr. LI Yupeng	–	Appointed as the non-executive Director and a member of the strategy and investment committee of the Board on 19 February 2025	new appointment
	Non-executive Director	Re-designated from a non-executive Director to an executive Director and appointed as the chairman of the Board and the chairman of the strategy and investment committee of the Board on 21 March 2025	re-designation
Mr. ZHENG Yongda	Non-executive Director, Chairman	Resigned from his positions as the chairman of the Board and the chairman of the strategy and investment committee of the Board on 21 March 2025	work adjustments
	Non-executive Director	Resigned from his positions as a non-executive Director and a member of the each of the strategy and investment committee, nomination committee and remuneration and evaluation committee of the Board on 16 May 2025	work adjustments
Ms. YE Yanliu	–	Appointed as the non-executive Director and a member each of the strategy and investment committee, nomination committee and remuneration and evaluation committee of the Board on 4 July 2025	new appointment

Report of Directors

Name	Position before change	Details of Change	Reasons of Change
Mr. ZHENG Jianjie	–	Appointed as an employee Director on 21 August 2025	Elected at the Employee's Congress
Mr. CHE Jianxing	Executive Director and General Manager Executive Director	Resigned from his position as the General Manager on 18 July 2025 Re-designated from an executive Director to a non-executive Director on 13 October 2025	to devote more time to his personal affairs re-designation
Mr. SHI Yaofeng	Executive Director and Deputy General Manager	Appointed as the General Manager on 18 July 2025	new appointment
Mr. LI Jianhong	Non-executive Director	Resigned from his positions as a non-executive Director and a member of the strategy and investment committee of the Board on 18 July 2025	to devote more time to other professional commitments
Mr. XU Guofeng	–	Appointed as the non-executive Director and a member of the strategy and investment committee of the Board on 15 August 2025	new appointment
Mr. CHEN Jiasheng	Chairman of the Supervisor Committee and independent Supervisor	Ceased to serve as chairman of the Supervisor Committee and independent Supervisor on 15 August 2025	The Company has dissolved Supervisor Committee
Ms. MA Chenguang	Independent Supervisor	Ceased to serve as the independent Supervisor on 15 August 2025	The Company has dissolved Supervisor Committee
Mr. TANG Rongzhen	Employee representative Supervisor	Ceased to serve as the employee representative Supervisor on 15 August 2025	The Company has dissolved Supervisor Committee
Mr. WANG Shouyi	Employee representative Supervisor	Ceased to serve as the employee representative Supervisor on 15 August 2025	The Company has dissolved Supervisor Committee
Ms. XU Di	Non-executive Director	Resigned from her position as a non-executive Director on 3 September 2025	work adjustments
Mr. SONG Guangbin	Non-executive Director	Resigned from her position as a non-executive Director on 3 September 2025	work adjustments

Save as disclosed above, during the Reporting Period, no other changes in the information of any Directors, Supervisors and chief executive of the Company were required to be disclosed according to Rule 13.51B of the Listing Rules.

Report of Directors

FUTURE DEVELOPMENT

Please refer to the section headed “Outlook and Prospects” on page 25 for future development of the Company.

EVENTS AFTER THE REPORTING PERIOD

1. Cancellation of Repurchased A Shares and Reduction of Registered Capital and Amendments to the Articles of Association

As the Company has not implemented any employee stock ownership plan or equity incentive during the period when the repurchased A shares were held, and the three-year period is about to expire, in order to actively reward investors and enhance investor confidence, the Company intends to cancel the 1,044,800 A shares held in the special securities account for repurchased shares, and accordingly reduce the registered capital of the Company and amend the Articles of Association of the Company. The above matters have been considered and approved at the fiftieth extraordinary meeting of the fifth session of the Board and the 2026 first extraordinary general meeting, and creditors have been notified. Such repurchased A-shares were cancelled on 22 April 2026.

For details, please refer to the announcements disclosed by the Company on the designated domestic media dated 20 December 2025, 17 January 2026 and 22 April 2026 and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated 19 December 2025, 16 January 2026 and 21 April 2026.

2. Appointment of Secretary of the Board and Joint Company Secretary

The Company convened the fifty-third extraordinary meeting of the fifth session of the Board on 29 January 2026, at which the “Proposal on the Appointment of the Secretary of the Board (Joint Company Secretary) and the Authorised Representative of the Company” was considered and approved. Upon review and approval by the nomination committee of the Board, it was agreed to appoint Mr. CAO Shu (“**Mr. CAO**”) as the secretary of the Board (joint company secretary) of the Company, with a term consistent with that of the fifth session of the Board; it was agreed to appoint Mr. CAO to serve as the authorised person for the e-Submission System (ESS) of the Hong Kong Stock Exchange and the authorised representative of the Company under Rule 3.05 of the Listing Rules, with effect from 29 January 2026.

For details, please refer to the announcements disclosed by the Company on the designated domestic media dated 30 January 2026 and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated 29 January 2026.

By Order of the Board

LI Yupeng

Chairman

Shanghai, 30 March 2026

Corporate Governance Report

The Group is committed to high-standard corporate governance so as to protect the interests and legal rights of the Shareholders and to promote the Company's value and accountability. H Shares of the Company were listed on the main board of the Stock Exchange on 26 June 2015, and A Shares of the Company were listed on the Shanghai Stock Exchange on 17 January 2018.

The Company has adopted the following corporate governance principles and practices:

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the principle and code provisions of the Corporate Governance Code.

During the Reporting Period, the Company has complied with the principles and code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules, which sets out the principles of good corporate governance in relation to, among other matters, the directors, the chairman and the chief executive, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration, and communications with shareholders. Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between the Group and the Controlling Shareholders and/or Directors to protect the minority Shareholders' interests.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code. The Company has made specific queries to the Directors and Supervisors, and all Directors confirmed that they have complied with the provisions and required standards set out in the Model Code during the period for the year ended 31 December 2025 and up to the date of this report; and all Supervisors confirmed that they have complied with the provisions and required standards set out in the Model Code for the period from 1 January 2025 to 15 August 2025 (being the date on which the Company adopted the resolution to cancel the Supervisory Committee).

CORPORATE CULTURE

The Board believes that corporate culture underpins the long-term business, commercial success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen.

Belief: Professional entrepreneurship to make every life good and excellent!

Mission: Enhancing the home taste of Chinese people! Responsible for the environmental protection of every family's home!

Vision: Building world-top brand of Chinese nation!

The Board have always been ensuring that the goals, values and strategies made are aligned with the corporate culture, while all Directors take the lead in promoting the development of corporate culture.

Corporate Governance Report

BOARD OF DIRECTORS

Board Composition

As at the end of the Reporting Period, the Board of the Company comprises 13 Directors, including 3 executive Directors, 4 non-executive Directors, 1 employee Director and 5 independent non-executive Directors. As at the end of the Reporting Period, the following list sets forth the information in respect of the members of the fifth session of the Board.

Name	Positions	Date of Re-appointment or Appointment
Mr. LI Yupeng ⁽¹⁾⁽²⁾	Executive Director and Chairman	21 March 2025
Mr. SHI Yaofeng	Executive Director and General Manager	15 August 2023 and 18 July 2025
Mr. YANG Yingwu	Executive Director and Deputy General Manager	15 August 2023
Ms. YE Yanliu ⁽³⁾	Non-executive Director	4 July 2025
Mr. ZOU Shaorong	Non-executive Director	15 August 2023
Mr. CHE Jianxing ⁽⁹⁾	Non-executive Director	13 October 2025
Mr. XU Guofeng ⁽⁴⁾	Non-executive Director	15 August 2025
Mr. ZHENG Yongda ⁽²⁾	Non-executive Director and Chairman (departure)	15 August 2023
Mr. WANG Wenhui ⁽⁵⁾	Non-executive Director (departure)	15 August 2023
Mr. LI Jianhong ⁽⁶⁾	Non-executive Director (departure)	15 August 2023
Mr. SONG Guangbin ⁽⁷⁾	Non-executive Director (departure)	15 August 2023
Ms. XU Di ⁽⁷⁾	Non-executive Director (departure)	15 August 2023
Mr. XUE Wei	Independent Non-executive Director	15 August 2023
Mr. HUANG Jianzhong	Independent Non-executive Director	15 August 2023
Mr. CHEN Shanang	Independent Non-executive Director	15 August 2023
Mr. WONG Chi Wai	Independent Non-executive Director	15 August 2023
Mr. CAI Qinghui	Independent Non-executive Director	15 August 2023
Mr. ZHENG Jianjie ⁽⁸⁾	Employee Director	21 August 2025

Notes:

- Mr. LI Yupeng was appointed as a non-executive Director and a member the Strategy and Investment Committee of the Board at the extraordinary general meeting held on 19 February 2025.
- Mr. ZHENG Yongda resigned as the chairman of the fifth session of the Board of the Company and the chairman of the Strategy and Investment Committee on 21 March 2025, due to work adjustments; Mr. LI Yupeng was re-designated from non-executive Director to executive Director on 21 March 2025, and was subsequently elected as the chairman of the fifth session of the Board of the Company and chairman of the Strategy and Investment Committee. On 16 May 2025, Mr. ZHENG Yongda resigned from his positions as a non-executive Director and as a member of the Strategy and Investment Committee, the Nomination Committee, and the Remuneration and Evaluation Committee, due to work adjustments.
- Ms. YE Yanliu was appointed as a non-executive Director and a member of the Strategy and Investment Committee, the Nomination Committee, and the Remuneration and Evaluation Committee at the extraordinary general meeting held on 4 July 2025.
- Mr. XU Guofeng was appointed as a non-executive Director and a member of the Strategy and Investment Committee at the extraordinary general meeting held on 15 August 2025.
- Mr. WANG Wenhui resigned as a non-executive Director on 19 February 2025, due to work-related arrangements, concurrently stepping down from his role as a member the Strategy and Investment Committee of the Board.
- Mr. LI Jianhong was re-designated from executive Director to non-executive Director on 27 December 2024; and resigned from the positions of non-executive Director and a member of the Strategy and Investment Committee of the Board on 18 July 2025.
- Ms. XU Di and Mr. SONG Guangbin resigned as non-executive Directors on 3 September 2025 due to work adjustments.
- Mr. ZHENG Jianjie was appointed as an employee Director at the employee representative meeting held on 21 August 2025.
- Mr. CHE Jianxing was re-designated from executive Director to non-executive Director on 13 October 2025.

Biographies of the Directors are set out in the section headed “Directors and Senior Management” of this annual report.

During the Reporting Period, the Board complied with the requirements of appointing at least three independent non-executive Directors (among whom at least one independent non-executive Director holds the appropriate professional qualifications or accounting or relevant financial management knowledge) set out in Rules 3.10(1) and 3.10(2) of the Listing Rules at any time.

The Company also complied with the requirements of appointing independent non-executive Directors, accounting for one-third of the members of the Board set out in Rule 3.10A of the Listing Rules. Independence of each independent non-executive Director has been confirmed in accordance with Rule 3.13 of the Listing Rules, and the Company regards them as independent.

All Directors (including the independent non-executive Directors) enabled the Board with different valuable experiences in business and professional knowledge so that the Board of Directors could fulfill its function efficiently and effectively. The independent non-executive Directors were invited to join the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and Investment Committee.

Mr. LI Yupeng, Mr. XU Guofeng, Ms. YE Yanliu and Mr. ZHENG Jianjie, who were newly appointed as Directors during the Reporting Period, have obtained legal advice as described in Rule 3.09D of the Listing Rules on 19 February 2025, 15 August 2025, 4 July 2025 and 21 August 2025, respectively. The advice covered their respective obligations as directors of a listed issuer under the Listing Rules and the potential consequences of making false statements or giving false information to the Hong Kong Stock Exchange, and they have confirmed their responsibilities as directors of a listed issuer.

Board Diversity

The Company regards increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Board of the Company set objectives for the implementation of the Board diversity policy and will review them from time to time to ensure that they are appropriate and feasible and to ascertain progress towards such objectives. In designing the Board's composition, the Company considers the Board's diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, so as to ensure a moderate balance of the Board members in skills, experience and diversity of views. The Directors possess a balanced portfolio of knowledge and skills, including knowledge and experience in corporate business management, human resources, accounting and auditing, furniture manufacturing, international trade, asset management, and taxation and legal matters, which will in turn help them to provide the necessary conditions to support the Board in implementing its business strategies and to maintain the effective operation of the Board. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. At present, the Nomination Committee considers that the Board members are fully diversified and that the Board diversity policy has been effectively implemented, and the Board has not set any quantifiable objectives. The Nomination Committee will continue to monitor the implementation of the Board diversity policy and will review at least annually the Board diversity policy to ensure its continued effectiveness.

Employee Diversity

The Company focuses on the growth and competitiveness of the Company as a result of employee diversity. As of 31 December 2025, the percentage of female employees (including senior management) of the Company and its principal subsidiaries was 43.50%, while the percentage of male employees (including senior management) was 56.50%, and the Company considers that gender diversity of employees has been achieved. The Company is not identified any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Board Meeting

In accordance with the Articles of Association, the board meetings are divided into regular meetings and provisional meetings. Board meetings shall be convened at least four times a year and be called for by the Chairman. A notice of at least 14 days shall be sent to all Directors before the meeting is convened so that they may attend the meeting and include any relevant matters for discussion in the meeting agenda. The Directors may seek independent professional opinions when fulfilling their duties, and the cost will be borne by the Company.

The Chairman had held a meeting with the independent non-executive Directors without the presence of other Directors.

Corporate Governance Report

Other than the connected transactions to be reviewed by the Board set out in the Articles of Association, Board meetings shall be held only if a majority of the Directors present.

The Secretary to the Board maintains minutes for each meeting. Minutes of the Board meetings and Committee meetings shall record all matters considered and decisions made by the Board and Committees, including any questions or objections raised by the Directors. Drafts and final versions of the minutes of the Board meetings and Committee meetings are/will be sent to each Director within a reasonable period of time after the meeting, with the drafts for their consideration and the final version for record keeping purposes. The minutes of the Board Meetings are available for inspection by all the Directors.

Save as disclosed in the Prospectus and in this report, to the best knowledge of the Company, there are no financial, business, family, or other material relationships among members of the Board.

Appointment, Re-election and Re-appointment of Directors

In accordance with the provisions set out in the Articles of Association, the non-employee representative Directors shall be elected by the general meeting of Shareholders and shall serve three-year terms. Upon expiration of the term, the Directors may be re-elected and reappointed. Each independent non-executive Director shall be subject to retirement by rotation once every two sessions.

Nomination Policy

The Company has implemented a set of effective procedures for the appointment of new Directors. The Nomination Committee and Remuneration and Evaluation Committee have priority to discuss nomination of the new Directors and shall submit proposals to the Board. New directors shall be elected by the general meeting of Shareholders.

This set of procedures aims to ensure that the skills and experience of the Board are evenly distributed to support them to provide the Company with different views and perspectives, to ensure the consistency of the Board and to ensure that the Board of Directors is under appropriate leadership.

In assessing candidates for Directors, the Nomination Committee will assess the suitability of the proposed personnel and their potential contributions to the Board in all aspects, including but not limited to the following:

- Reputation for integrity
- Guarantee for available time and related benefits
- Diversity in all aspects, including but not limited to gender, age (18 years old or older), cultural and educational background, race, professional experience, skills, knowledge and length of service.

The Company will consider adopting the nomination policy for Directors, which sets out the selection criteria and procedures as well as the considerations related to the nomination and appointment of Directors in the succession plan of the Board.

The Nomination Committee reviews at least annually the structure, size and composition (including the skills, knowledge and experience) of the Board and, where appropriate, makes recommendations on changes to the Board to complement the Company's corporate strategy. The Company aims to maintain an appropriate balance of diverse perspectives within the Board that are relevant to the Company's business growth.

The Company has entered into service contracts or appointment letters for a service term of three years with all Directors (including the non-executive Directors).

Directors' Training

Introductory and Continuous Professional Development

All newly appointed Directors are granted with necessary induction training and data so as to have an appropriate understanding of the operating status and business of the Company as well as their responsibilities under relevant laws, rules, provisions and articles. The Company also arranges periodical seminars for the Directors in order to provide the latest information on any development and changes in the Listing Rules, and other relevant laws and regulations. The Directors are also informed about the performance, current status and prospect of the Company regularly, so as to fulfill their responsibilities.

Trainings attended by all Directors in the Reporting Period are as below:

Director's Name	Training Description
LI Yupeng	A, B
SHI Yaofeng	A, B
YANG Yingwu	A, B
YE Yanliu	A, B
ZOU Shaorong	A, B
CHE Jianxing	A, B
XU Guofeng	A, B
ZHENG Jianjie	A, B
XUE Wei	A, B
CHEN Shanang	A, B
HUANG Jianzhong	A, B
WONG Chi Wai	A, B
CAI Qinghui	A, B
LI Jianhong (resigned)	A, B
WANG Wenhui (resigned)	A, B
ZHENG Yongda (resigned)	A, B
XU Di (resigned)	A, B
SONG Guangbin (resigned)	A, B

Notes:

- A. Trainings related to governance of listed company and Directors' responsibility, organized by law firms, compliance advisor, external auditor etc.;
- B. Reading provisions connected to company governance, Directors' responsibilities and internal control risk management and attending lecture, forum, conference, etc.

Corporate Governance Report

Duties Performed by the Board and Management

The Board is responsible to the general meeting of Shareholders and performs the following duties: to execute resolutions of general meetings to approve and supervise all policy issues, overall strategy, budgeting, internal control and risk management system, material transactions (especially the transactions in which the parties with conflict of interest may be involved), proposed Directors' appointment and other material financial and operating affairs, as well as exercise other functions and powers stipulated by the Articles of Association. The Directors may seek independent professional opinions when fulfilling their duties, and the cost will be borne by the Company. The Company also encourages the Directors to seek independent consultation with senior management of the Company.

The senior management is responsible for daily management, administration and operation of the Group, and the Board shall discuss the authorization of functions and duties periodically. Any material transactions established by the management shall be approved by the Board in advance.

The Company has established internal policies (including but not limited to the Articles of Association, the Rules of Procedure of the Board, the Working Rules of the Audit Committee, and the Working Rules of the Remuneration and Evaluation Committee) to ensure that the Board is provided with independent views and opinions. These policies cover the Company's procedures and criteria for the election of directors (including independent non-executive directors), the mechanism for recusal of related directors from voting on Board-related resolutions, and the special terms of reference for independent directors to independently engage external auditors and advisory bodies. The Board has reviewed the implementation of the above mechanisms and considers that they are effective in ensuring that the Board is provided with independent views and opinions.

CHAIRMAN AND GENERAL MANAGER

In accordance with code provision C.2.1 of the Corporate Governance Code, the roles of chairman and general manager should be separate and held by different individuals.

During the Reporting Period, the positions of chairman and general manager of the Company were held by Mr. LI Yupeng and Mr. SHI Yaofeng, respectively. The responsibilities of the chairman and general manager are clearly defined. The chairman is primarily responsible for leading the Board of Directors and exercise the following functions and powers: (I) to preside over general meetings and to convene and preside over board meetings; (II) to supervise and examine the implementation of the resolutions of the Board; (III) to sign the securities certificates issued by the Company; (IV) to exercise other functions and powers conferred by the Board or the listing rules of the stock exchange where the Company's shares are listed. The general manager of the Company shall be accountable to the Board and exercise the following functions and powers: (I) to manage the business operations of the Company and organise to execute the resolutions of the Board; (II) to organise to execute the Company's annual business plans and investment plans; (III) to prepare the plan for the internal management setup of the Company; (IV) to draft the basic management system of the Company; (V) to formulate the basic rules of the Company; (VI) to propose to appoint or dismiss the deputy general manager, chief financial officer and other senior executives of the Company; (VII) to appoint or dismiss executives other than those appointed or dismissed by the Board; (VIII) to exercise other functions and powers conferred in the Articles of Association and by the Board.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for establishing the corporate governance policy of the Company and fulfilling the following corporate governance duties:

- (1) To develop and review the corporate governance policy and routines of the Company;
- (2) To review and monitor training and continuous professional development of the Directors and senior management;
- (3) To review and monitor compliance of policies and routines of the Company with the requirements of all applicable laws and regulations;
- (4) To establish, review and monitor code of conduct and compliance guidelines applicable to the employees and Directors (if available); and
- (5) To review the Company's compliance with the disclosure requirements as set out in the Corporate Governance Code and Corporate Governance Report.

The Board has performed the above corporate governance functions during the Reporting Period.

DIRECTORS' LIABILITY INSURANCE

The Company has purchased appropriate insurance against the litigations raised against the Directors during the Reporting Period.

BOARD COMMITTEES

The Board delegates responsibilities to various Committees. In accordance with the relevant PRC laws and regulations, the Corporate Governance Code, the Company has established four Board Committees, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and Investment Committee.

All Board Committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Corporate Governance Report

AUDIT COMMITTEE

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision D.3 of the Corporate Governance Code. The Audit Committee consists of one non-executive Director and two independent non-executive Directors as at the end of the Reporting Period, namely Mr. ZOU Shaorong, Mr. XUE Wei and Mr. HUANG Jianzhong. Mr. XUE Wei, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but are not limited to, the following:

- proposing the appointment or change of external auditors;
- overseeing the internal audit system of the Company and its implementation;
- maintaining close communication between the internal auditors and external auditors;
- examining the financial information of the Company and its disclosure, and auditing significant connected transactions as authorized by the Board;
- monitoring integrity of the Company's financial statements, annual reports and accounts, interim reports, other periodic reports, agreed proceedings, audit reports (hereinafter referred to as the "**Materials**"), reviewing significant judgments on financial reporting set out in the Materials and making judgments on the completeness, accuracy and truthfulness of the preparation and disclosure of the Company's financial reports;
- examining the Company's financial reporting system, and the rationality, efficiency and implementation of the risk management and internal control systems of the Company and its subsidiaries and branch offices, and making recommendations to the Board;
- providing comments regarding the performance of internal auditors;
- overseeing the corporate governance of the Company, making recommendations to the Board, and reviewing the corporate governance report disclosed in our annual report;
- to file a lawsuit against a Director or senior management in accordance with the relevant requirements under the Company Law or the Articles of Association;
- to propose to convene an extraordinary general meeting and interim Board meeting of the Company, and when the Board fails to perform its duties of convening and chairing a shareholders' meeting under the requirements of the Articles of Association, convene and chair the general meeting;
- to supervise the conduct of the Directors and senior management in performing their duties and propose the dismissal of those Directors and senior management who violate the laws, administrative regulations, the Articles of Association or resolutions of general meetings;
- to require any Director or senior management to make rectification when their acts are detrimental to the Company's interests;
- overseeing the Company's compliance with the Corporate Governance Code, the Listing Rules and related laws; and
- dealing with other matters that are authorized by the Board.

Corporate Governance Report

As at the end of the Reporting Period, the Audit Committee has performed its duties with due prudence in accordance with the requirements of the Company Law, the Articles of Association, the Working Rules of the Audit Committee of the Board of the Company and the relevant laws and regulations. The Audit Committee convened four meetings, details of which are set out below:

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Audit Committee	27 March 2025	(1) The internal control auditor's reports to the Audit Committee in respect of the audit matters for the internal control report of the Company for the year 2024; (2) The internal control evaluation report of the Company for the year 2024; (3) The auditor's reports to the Audit Committee in respect of the audit matters for the annual financial report of the Company for the year 2024; (4) The financial statements of the Company for the year ended 31 December 2024; (5) The annual report and annual results of the Company for the year ended 31 December 2024; (6) The report on the performance of duties of the Audit Committee of the Board of the Company for the year 2024; (7) The report of the Audit Committee of the Board of the Company on the performance of its supervisory duties over the Accounting Firm for the year 2024; (8) The evaluation report on the performance of duties of the Accounting Firm for the year 2024; (9) The summary of internal audit works for the year 2024 and working plan for the year 2025 of the Company; (10) The Corporate Governance Report of the Company as of 31 December 2024.	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting

Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
	29 April 2025	(1) The First Quarterly Report of the Company for 2025; (2) The resolution on the re-appointment of the auditor for financial report and the internal control auditor of the Company for the year 2025.	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting
	29 August 2025	(1) The interim financial statements of the Company as of 30 June 2025; (2) The interim report and interim results of the Company as of 30 June 2025; (3) The internal audit work report of the Company in the first half of 2025.	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting
	30 October 2025	(1) The third quarterly report of the Company for 2025; (2) The resolution on the amendment to the Internal Audit System of Red Star Macalline Group Corporation Ltd..	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting

The Audit Committee oversees and monitors the risk management and internal control systems of the Company on an ongoing basis and review with our external auditors and management periodically, and not less than annually, the scope, adequacy and effectiveness of the Company's corporate accounting and financial controls, risk management and internal control systems, and any related significant findings regarding risks or disclosures and consider recommendations for improvement of such controls. The review should cover all material controls, including financial, operational and compliance controls. Further details regarding the annual review conducted by the Audit Committee are set out in the section headed "Risk Management and Internal Control".

REMUNERATION AND EVALUATION COMMITTEE

The Company established a Remuneration and Evaluation Committee with written terms of reference in compliance with code provision E.1 of the Corporate Governance Code.

As at the end of the Reporting Period, the Remuneration and Evaluation Committee consists of three Directors, including one non-executive Director and two independent non-executive Directors, namely Mr. YE Yanliu, Mr. HUANG Jianzhong and Mr. WONG Chi Wai. Mr. HUANG Jianzhong serves as the chairman of the Remuneration and Evaluation Committee.

Corporate Governance Report

The primary duties of the Remuneration and Evaluation Committee include, but are not limited to, the following:

- formulating the remuneration plans for Directors and members of the senior management in accordance with the terms of reference of the Directors and members of the senior management and the importance of their positions as well as the remuneration benchmarks of relevant positions in other comparable companies;
- the remuneration plans include, but are not limited to, criteria and procedures of performance evaluation, the main evaluation system as well as the main reward and penalty scheme and system, etc.;
- making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- examining the performance of Directors and members of the senior management of our Company, and conducting annual performance evaluation;
- supervising the implementation of our Company's remuneration plan and incentive system;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- dealing with other matters that are authorized by the Board.

As at the end of the Reporting Period, the Remuneration and Evaluation Committee has performed its duties with due prudence in accordance with the requirements of the Company Law, the Articles of Association, the Working Rules of the Remuneration and Evaluation Committee of the Board of the Company and the relevant laws and regulations. The Remuneration and Evaluation Committee convened four meetings, details of which are set out below:

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Remuneration and Evaluation Committee	25 January 2025	(1) The resolution on reviewing the remuneration of Mr. LI Yupeng, a candidate for non-executive Director of the fifth session of the Board.	HUANG Jianzhong, WONG Chi Wai and ZHENG Yongda attended the meeting
	27 March 2025	(1) The resolution on the remuneration of Directors and senior management of the Company for 2024.	HUANG Jianzhong, WONG Chi Wai and ZHENG Yongda attended the meeting
	11 June 2025	(1) The resolution on reviewing the remuneration of Ms. YE Yanliu, a candidate for non-executive Director of the fifth session of the Board.	HUANG Jianzhong and WONG Chi Wai attended the meeting
	18 July 2025	(1) The resolution on reviewing the remuneration of Mr. XU Guofeng, a candidate for non-executive Director of the fifth session of the Board.	HUANG Jianzhong, WONG Chi Wai and YE Yanliu attended the meeting

Corporate Governance Report

NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference in compliance with code provision B.3 of the Corporate Governance Code. The Nomination Committee may seek independent professional opinions when fulfilling its duties, and the cost will be borne by the Company. As at the end of the Reporting Period, the Nomination Committee consists of five Directors, including two non-executive Directors and three independent non-executive Directors, namely Ms. YE Yanliu, Mr. CHE Jianxing, Mr. CHEN Shanang, Mr. CAI Qinghui and Mr. HUANG Jianzhong. Mr. CHEN Shanang serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, but are not limited to, the following:

- conducting an annual review of size and composition of the Board in accordance with our Company's operating activities, asset size and shareholding structure, and making recommendations to the Board;
- researching and developing criteria and procedures for the election of the Board members, general managers and other members of the senior management, and making recommendations to the Board;
- conducting thorough investigation on suitable candidates for Directors, general managers and other members of the senior management, and making recommendations to the Board;
- assessing the independence of the independent non-executive Directors;
- to review the Board Diversity Policy and implement the measurable objectives of such policy from time to time adopted by the Board, and review the progress on achieving these objectives;
- to support the Company's regular evaluation of the Board's performance;
- reviewing and examining candidates for Directors, general managers and other members of the senior management, and making recommendations to the Board; and
- dealing with other matters that are authorized by the Board.

Corporate Governance Report

As at the end of the Reporting Period, the Nomination Committee has performed its duties with due prudence in accordance with the requirements of the Company Law, the Articles of Association, the Working Rules of the Nomination Committee of the Board of the Company and the relevant laws and regulations. The Nomination Committee convened five meetings, details of which are set out below:

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Nomination Committee	25 January 2025	(1) The resolution on the addition of Mr. LI Yupeng as a non-executive Director of the fifth session of the Board of the Company.	CHEN Shanang, CAI Qinghui, HUANG Jianzhong, ZHENG Yongda and CHE Jianxing attended the meeting
	27 March 2025	(1) Regarding the structure, number, composition and diversity of the Board of the Company for 2024.	CHEN Shanang, CAI Qinghui, HUANG Jianzhong, ZHENG Yongda and CHE Jianxing attended the meeting
	11 June 2025	(1) The resolution on the addition of Ms. YE Yanliu as a non-executive Director of the fifth session of the Board of the Company.	CHEN Shanang, CAI Qinghui, HUANG Jianzhong, and CHE Jianxing (who appointed HUANG Jianzhong to attend the meeting on his behalf) attended the meeting
	18 July 2025	(1) The resolution on recommending the general manager of the Company; (2) The resolution on the addition of Mr. XU Guofeng as a non-executive Director of the fifth session of the Board of the Company.	CHEN Shanang, CAI Qinghui, HUANG Jianzhong, YE Yanliu and CHE Jianxing (who appointed Huang Jianzhong to attend the meeting on his behalf) attended the meeting
	13 October 2025	(1) The resolution on recommending the deputy general manager of the Company.	CHEN Shanang, CAI Qinghui, HUANG Jianzhong, YE Yanliu and CHE Jianxing attended the meeting

Corporate Governance Report

STRATEGY AND INVESTMENT COMMITTEE

We have established a Strategy and Investment Committee with written terms of reference. As at the end of the Reporting Period, the Strategy and Investment Committee consists of seven Directors, including two executive Directors, four non-executive Directors and one independent non-executive Director: namely Mr. LI Yupeng, Mr. SHI Yaofeng, Ms. YE Yanliu, Mr. ZOU Shaorong, Mr. CHE Jianxing, Mr. XU Guofeng and Mr. HUANG Jianzhong. Mr. LI Yupeng serves as the chairman of the Strategy and Investment Committee.

The primary duties of the Strategy and Investment Committee include, but are not limited to, the following:

- researching and recommending to the Board the long-term development and strategic plans of our Company;
- researching and recommending to the Board material investments, financing proposals, capital operation and asset management of our Company, which must be approved via Board meetings or general meetings of Shareholders in accordance with the Articles of Association;
- researching and recommending to the Board matters that are material to the development of our Company;
- checking the implementation of above-mentioned matters that are approved via Board meetings or general meetings of Shareholders; and
- dealing with other strategic matters that are authorized by the Board.

As at the end of the Reporting Period, the Strategy and Investment Committee has performed its duties with due prudence in accordance with the requirements of the Company Law, the Articles of Association, the Working Rules of the Strategy and Investment Committee of the Board of the Company and the relevant laws and regulations. The Strategy and Investment Committee convened one meeting, details of which are set out below:

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Strategy and Investment Committee	27 March 2025	(1) The resolution on the development strategy and business plan of the Company for 2025.	LI Yupeng, ZHENG Yongda, ZOU Shaorong, CHE Jianxing, SHI Yaofeng, LI Jianhong and HUANG Jianzhong attended the meeting

ATTENDANCE RECORD OF BOARD MEETINGS

Attendance record of all Directors to the general meetings, Board meetings and Committee meetings during the Reporting Period are as below:

Director's Name	Number of attending/ convening meetings of Audit Committee	Number of attending/ convening meetings of Remuneration and Evaluation Committee	Number of attending/ convening meetings of Nomination Committee	Number of attending/ convening meetings of Strategy and Investment Committee	Number of attending/ convening meetings of Board meetings	Number of attending/ convening meetings of general meetings
LI Yupeng	25/25	–	–	–	1/1	5/5
YE Yanliu	13/13	–	1/1	2/2	–	1/1
ZOU Shaorong	26/26	4/4	–	–	1/1	6/6
SHI Yaofeng	26/26	–	–	–	1/1	6/6
YANG Yingwu	26/26	–	–	–	–	6/6
CHE Jianxing	15/26	–	–	3/5	1/1	2/6
ZHENG Jianjie	11/11	–	–	–	–	0/0
XU Guofeng	11/11	–	–	–	–	0/0
XUE Wei	26/26	4/4	–	–	–	6/6
CHEN Shanang	26/26	–	–	5/5	–	6/6
HUANG Jianzhong	26/26	4/4	4/4	5/5	1/1	6/6
WONG Chi Wai	26/26	–	4/4	–	–	6/6
CAI Qinghui	26/26	–	–	5/5	–	6/6
ZHENG Yongda (resigned)	8/9	–	2/2	2/2	1/1	2/2
WANG Wenhui (resigned)	1/1	–	–	–	–	1/1
LI Jianhong (resigned)	13/13	–	–	–	1/1	5/5
XU Di (resigned)	16/16	–	–	–	–	6/6
SONG Guangbin (resigned)	16/16	–	–	–	–	6/6

DIRECTORS' FINANCIAL STATEMENTS REPORTING RESPONSIBILITY

The Directors are fully aware of their responsibility of preparing the Consolidated Financial Statements of the Company for the year ended 31 December 2025 so as to provide a true and fair view of the situation of the Company and the Group as well as the results and cash flows of the Group.

The management has provided necessary explanation and data to the Board, thus the Board is able to evaluate the financial statements of the Company which are submitted for approval of the Board with full knowledge. The Company has also periodically provided updated information about performance, status and prospect of the Company to all members of the Board.

Corporate Governance Report

The Directors were not aware of any material uncertainties with respect to any event or situation which may pose important threat to the sustainable operation of the Group.

Statement of the Directors' reporting responsibilities of Consolidated Financial Statements of the Company made by auditors of the Company is recorded in Independent Auditors' Report of the 2025 annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has established the risk management and internal control systems, monitored and reviewed their effectiveness on an ongoing basis in compliance with paragraph D.2 of the Corporate Governance Code. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board reviews the effectiveness of the risk management and internal control systems on an annual basis, and assesses all important monitoring aspects including financial monitoring, operation monitoring and compliance monitoring as per five internal control elements, namely, internal environment, risk assessment, control activities, information and communication and internal supervision and make sure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions to ensure that effective risk management and internal control systems are in place.

RISK MANAGEMENT AND INTERNAL CONTROL ORGANISATIONAL SYSTEM

The Company has established a complete and competent risk management and internal control organisational system, which consists of the Board, the Audit Committee, the Audit and Supervision Department and various functions of the Company. Various functions of the Company form the first line of defence of risk management and internal control, which are responsible for the direct identification and management of the risks arising in the course of business during our daily operation, and developing risk response strategies and specific solutions. The Internal Control Department forms the second line of defence of risk management and internal control, which is responsible for building and maintaining the comprehensive risk management framework of the Company, and coordinating the establishment of risk management between various functions of the headquarter and different regions and shopping malls. The Audit department and the Audit Committee form the third line of defence of risk management and internal control, which is responsible for conducting independent supervision which involves supervision and examination to determine if the Company is able to conduct risk management and internal control in accordance with relevant policies, systems and processes for risk management and internal control, and if such measures are effective; meanwhile, the Audit and Supervision Department reports the monitoring results to the Audit Committee, enabling it to better assess the Company's control and the effectiveness and frequency of risk management. The Board undertakes the ultimate responsibility for the establishment and perfection of the risk management and internal control systems as well as the effective implementation of risk management, and acts as the ultimate decision-making body in the Company with respect to risk management and internal control.

In addition, the Board arranges adequate training courses and related budget in respect of the risk management and internal control systems on an annual basis, and has also conducted periodic training on the concept, knowledge, process of risk management and methods of internal control to ensure the adequacy of management resources in risk management and internal control.

CARRYING OUT RISK MANAGEMENT WORK

In order to better cope with the changing market environment and ensure the realization of the Company's business objectives, in 2025, the Company implemented a comprehensive risk management system at the company-wide level. The system is designed to manage various potential risks to which the Company is exposed in the course of operation through procedures and measures of risk identification, risk assessment, risk response, risk reporting and monitoring.

On the basis of risk identification, the Company has established the major risk evaluation criteria from two dimensions, namely the probability of occurrence and the magnitude of influence of relevant risks. Various forms of measures, including risk questionnaire, risk investigation and interviews, as well as forum for risk assessment, were conducted to carry out the multilevel and comprehensive risk assessment work. These measures are developed to identify major risk areas affecting the objectives of the Company and to specify the priority and allocation of resources on risk management.

In order to align the risk points with specific control measures and responsibilities of different roles in the management system, and to ensure sufficient control of such risks, the Company implements basic risk management measures of internal control through specific business processes, including financial reporting, inside information processing and disclosure and other management procedures for significant processes in accordance with laws, regulations and regulatory requirements of the Listing Rules.

In respect of external information and communication, the Company developed information disclosure and reporting management rules, such as Information Disclosure Management System, News Release and News Spokesman System, etc., to establish a standardized control procedure for information collection, collation, validation and disclosure and set out confidentiality measures for inside information. Before the information is completely disclosed to the public, the Company will ensure that the information is kept absolutely confidential. For information which is difficult to maintain confidential or is already leaked, our Company will disclose the relevant information in a timely manner, so as to ensure the effective protection of the interests of investors and stakeholders.

The major risks which the Company are exposed to will vary with the changes in internal and external business environment and business situations. The Company will continuously monitor the significant risks and information on changes in risks arising from the operation and management of the different risk liability departments, and conduct supervision and evaluation on whether each of the departments is able to carry out risk management and the effectiveness of their efforts in accordance with relevant provisions, with a view to further improving the risk management mechanism.

Corporate Governance Report

OPERATION OF INTERNAL CONTROL MECHANISM

The management of the Company has set up the Audit and Supervision Department responsible for the overall planning, design and guidance in relation to the building of the risk management and internal control management system of the Company. In 2025, the Audit and Supervision Department led the Internal Control Evaluation Working Group to conduct an internal control self-evaluation, which assessed the effectiveness of the design and implementation of internal control for the Company's main business and matters. For all deficiencies in internal control as identified in the assessment, the management of the Company has developed feasible rectification plans and promoted the implementation of such rectification. The Audit and Supervision Department has followed up on such areas subject to rectification, and continued to monitor the progress and the overall effectiveness of the rectification of deficiencies, thus achieving the organized operation of overall internal control.

The Board and the Audit Committee are responsible for the continuous supervision and review of the effective implementation of the Company's risk management and internal control management system and the deficiencies of internal control, and the specific supervision and review work is implemented by the Audit and Supervision Department. The Audit and supervision Department exercises the right of audit supervision independently without any interference from other departments, units and individuals. This mechanism is designed to maintain the independence, impartiality and authority of the internal audit function.

The Board has reviewed risk management and internal control work carried out in 2025. There has been no significant risk control failure, and no significant risk control weakness has been identified within the Company. The management processes including financial report, inside information handling and disclosure of the Company are in strict compliance with the Listing Rules. The Board has reviewed the risk management and internal control work conducted by the Company during the Reporting Period and considers the risk management and internal control system effective and adequate within the Group.

The Group has established the Anti-Bribery and Corruption Policy and Whistle-blowing System for the Board members, management, employees and third parties who represent the Group, such as suppliers and business partners, to ensure the Group and the relevant stakeholders will uphold the highest standards of professional integrity.

The Whistle-blowing System not only can further strengthen the internal control environment of the Group, it also acts as a channel for the staff of the Group to report any illegal behaviours, and is dedicated to external stakeholders to report any suspected misconduct, malpractice or illegal acts. For details of the Group's Anti-Corruption and Whistle-blowing Policy, please refer to the Company's 2025 Environmental, Social, and Governance Report published independently.

AUDITORS' REMUNERATION

Statement of the Company's external auditor related to the reporting responsibilities of consolidated financial statements is recorded in the "Independent Auditors' Report" of the 2025 annual report. During the year ended 31 December 2025, no fees were paid/payable by the Company to the external auditor, RSM China ("**RSM China**") and Rongcheng (Hong Kong) CPA Limited (formerly known as CL Partners CPA Limited) ("**RSM Hong Kong**"), except for the remuneration for audit services amounted to RMB5 million and RMB1.5 million, respectively. Remuneration of the Company's external internal control consultant, RSM China, paid/payable for the year ended 31 December 2025 was RMB1.3 million.

COMPANY SECRETARY

During the Reporting Period, Ms. Qiu Zhe, a joint company secretary of the Company, and Ms. Ng Sau Mei of TMF Hong Kong Limited, a corporate secretarial service provider, resigned as the joint company secretaries of the Company due to personal career planning and work transfer, respectively. Following the resignation of Ms. Qiu and Ms. Ng, the Company has engaged Ms. Au Ching of TMF Hong Kong Limited, a corporate secretarial service provider, as the sole company secretary of the Company.

The Company further appointed Mr. CAO Shu as the Secretary to the Board and one of the Joint Company Secretaries on 29 January 2026, responsible for advising the Board on corporate governance matters, and ensuring compliance with policies and procedures of the Board, applicable laws, rules and regulations. Ms. AU Ching, as another joint company secretary of the Company, provides assistance to Mr. CAO Shu in the discharge of his duties as the company secretary. Her primary contact person at the Company is Mr. CAO Shu.

Pursuant to Rule 8.17 of the Listing Rules, the issuer must appoint a company secretary who meets the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the issuer must appoint as its company secretary an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Taking into account Mr. CAO's experience in financial management, daily operations, departmental and organisational structure, and operational mechanisms of the Company, as well as his solid educational background, the Board is of the view that Mr. CAO is capable of discharging the duties of a joint company secretary of the Company. As Mr. CAO does not currently possess the qualifications of a company secretary as required under Rule 3.28 of the Listing Rules, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules in respect of the appointment of Mr. CAO as a joint company secretary of the Company. The Stock Exchange has granted a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules (the "Waiver") for a period of three years from the date of Mr. CAO's appointment (the "Waiver Period"), on the conditions that (i) Mr. CAO must be assisted by Ms. AU (who meets the requirements of a company secretary under Rules 3.28 and 8.17 of the Listing Rules) during the Waiver Period; (ii) the Waiver could be revoked if there are material breaches of the Listing Rules by the Company.

Before the end of the Waiver Period, the Company must demonstrate to and seek confirmation from the Stock Exchange that Mr. CAO, having had the benefit of Ms. AU's assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of a company secretary under Rule 3.28 of the Listing Rules such that no further waiver will be required. The Waiver applies to the appointment of Mr. CAO as a joint company secretary only, and the Stock Exchange may revoke or modify the Waiver should there be any change in the Company's circumstances.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, certain amendments have been made to the Articles of Association. For further details, please refer to the announcements of the Company dated 25 July 2025 and 15 August 2025. In January 2026, the shareholders' meeting of the Company further considered and approved the amendments to the Company's Articles of Association. For details, please refer to the announcements of the Company dated 23 December 2025 and 16 January 2026. The existing Articles of Association are published on the websites of the Hong Kong Stock Exchange and the Company respectively.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with Shareholders is very important to enhance investor relations and investors' understanding of the Company's business, performance and strategies. We are also deeply convinced of the importance of disclosing information of the Company in time without preservation to the Shareholders and investors to make informed investment decisions.

The annual general meeting and extraordinary general meeting of the Company provide an opportunity for shareholders to communicate directly with the Directors. All shareholders are encouraged to attend the annual general meeting and extraordinary general meeting by receiving notices of the meetings at least 20 days before date of the annual general meeting and at least 15 days before the date of the extraordinary general meeting. The chairman of the Board and directors of the Committees will attend the annual general meeting and extraordinary general meeting if possible, to answer questions raised by the shareholders. The external auditor of the Company will attend the annual general meeting and answer the questions regarding auditing items, preparation and contents of the auditor's report, accounting policy and independence of the auditor.

The Company adopted a shareholder communication policy so as to promote the effectiveness of communication and establish a bridge between the Company and its Shareholders. Further, a website (www.chinaredstar.com) and enquiry channels for the investors (tel: (86)21-52820220; e-mail: ir@chinaredstar.com) are also available. The Company will release the latest information about the business operation and development, corporate governance practices and other latest information to the public on the website and the website of the Stock Exchange at www.hkexnews.hk. The Company proactively communicates with the market through various means and channels, including but not limited to public presentations, roadshows, videos and conference calls, to improve communication effectiveness and facilitate value recognition. All these efforts have helped to deepen the capital market's understanding of the Company. Besides, maintaining good communication with institutional investors, the Company has also established diverse channels to communicate with minority investors to provide better investor services and protect their interests, including but not limited to corporate websites, email and hotlines. Moreover, the Company is committed to strengthening the analysis and reporting of capital market situations and the collection of shareholders' information, paying special attention to addressing investors' concerns and advice in order to further enhance the operations, management and corporate governance of the Company. We constantly improve internal workflows and system construction to provide investors with more convenient services precisely and efficiently. The Board regularly reviews the shareholder communications policy, ensures its effectiveness, and believes the shareholder communications policy is effective and adequate.

In accordance with Rule 2.07A of the Hong Kong Listing Rules under electronic dissemination of corporate communications, which came into effect on 31 December 2023, the Company has adopted the electronic dissemination of corporate communications to issue all corporate communications (including but not limited to interim reports, annual reports, and circulars for shareholders' meetings) to shareholders by electronic dissemination on 15 March 2024. For details, please refer to the notice letter of the Company dated 15 March 2024 published on the Stock Exchange website (www.hkexnews.hk) and the Company's website.

Shareholders who have any questions regarding the registration and request for printed copies of corporate communications (including corporate communications that require action) may refer to the "Investor Relations – Investor Relations Services" section on the Company's website, which sets out the detailed arrangements for corporate communications.

SHAREHOLDERS' RIGHTS

In order to protect shareholders' interest and rights, the Company will submit the items for the review of the general meeting in the form of an independent resolution. The resolution submitted to the general meeting will be voted pursuant to the Listing Rules, and the voting result will be published on the websites of the Hong Kong Stock Exchange and the Company in time after the general meeting.

Extraordinary General Meeting Convening and Proposal

Pursuant to the Articles of Association, where the Shareholders separately or jointly holding more than 10% of the Shares request the Board to convene an extraordinary general meeting or Shareholders' class meeting, the following procedures shall be followed:

- (1) Shareholder(s) individually or collectively holding 10% or more of the Company's total voting shares (including preference shares with restored voting rights, but excluding treasury shares) may sign one or several written requests with the same format and content and propose that the Board convene an extraordinary general meeting, and specify the topics of the meeting. The Board shall provide a written feedback on whether to agree to convene an extraordinary general meeting within ten days upon receipt of the aforesaid written request. If the Board agrees to convene an extraordinary general meeting, it will issue a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the relevant shareholder. The aforesaid amount of shareholding is calculated as of the day when the relevant shareholder makes the written request.
- (2) If the Board does not agree to convene an extraordinary general meeting or provides no feedback within 10 days after receiving the request, the shareholder(s) individually or collectively holding more than 10% of the Company's shares (including preference shares with restored voting rights, but excluding treasury shares) propose(s) convening an extraordinary general meeting and shall make a written request to the Audit Committee.

If the Audit Committee approves the request, it will issue a notice about convening the meeting within five days of receiving the request. If the notice modifies the proposed resolution in the original request, consent must be obtained from the relevant shareholder.

If the Audit Committee fails to issue a notice of the general meeting within the specified period, it shall be deemed that the Audit Committee will not convene or preside over the meeting. Therefore, the shareholders who individually or collectively hold more than 10% of the total shares of the Company (including preference shares with restored voting rights, but excluding treasury shares) for over 90 consecutive days can convene and preside over the meeting by themselves.

If any general meeting is called by the shareholders themselves, the shares held by those shareholders shall not be less than 10% of the total shares of the Company (including preference shares with restored voting rights, but excluding treasury shares), before announcing the resolutions of the meeting.

Shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit a written provisional motion to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the said provisional motion, to announce the contents of the provisional motion and to submit the said provisional proposal to the general meeting for consideration, unless such proposal violates laws, administrative regulations or provisions of the Articles of Association or is not within the scope of authority of the general meeting.

Corporate Governance Report

Pursuant to the Articles of Association, the list of candidates for Directors is submitted to the general meeting of the Company for voting by way of proposal. The detailed nomination procedures are as follows:

- (I) Pursuant to the provisions of laws, administrative regulations and the Articles of Association, a list of Director candidates shall be proposed by the chairman of the Board within the number of candidates as set out in these Articles of Association, and shall be subject to the voting and election at the general meeting by way of a resolution upon approval by the Board;
- (II) Shareholder(s) severally or jointly holding more than 3% of the total voting shares of the Company may propose to the Board of the Company about the candidates for Directors. However, the number and criteria of candidates proposed shall comply with the provisions of laws, administrative regulations and the Articles of Association, and shall not exceed the number to be elected. The Board shall submit the foregoing candidates elected by the Shareholders for consideration at the general meeting;
- (III) The approach and procedures for nomination of independent non-executive Directors should be made in accordance with the relevant requirements of the laws and regulations.

The nominator shall obtain the undertakings, in written form, of the candidates prior to nominating such candidates for Directors, to confirm that they accept the nomination and undertake the truthfulness and completeness of the disclosed information regarding the candidates for Directors, and guarantee to faithfully performing the duties of Directors.

Queries Made to Board of Directors

The Shareholders may send queries for attention of the Board to ir@chinaredstar.com by e-mail.

Independent Auditor's Report



TO THE SHAREHOLDERS OF RED STAR MACALLINE GROUP CORPORATION LTD.

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Red Star Macalline Group Corporation Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 95 to 317, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities and we have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
Refer to Notes 4, 5 and 17 to the consolidated financial statements.	
As of 31 December 2025, the Group's investment properties at fair value were RMB74,119,800,000, accounting for about 83.16% of the Group's total assets. The fair value was determined by management with reference to the valuations performed by the independent professional valuers engaged by the Group. Due to the facts that the amount of investment properties is significant, and the assessment of the fair value of investment properties involves significant estimates, assumptions and judgments of the management, including estimated rental income, discount rate, vacancy rate, the economic environment in the region where the investment properties were located and the analysis of future trend etc., the uncertainty was relatively high. Therefore, we considered the measurement of investment properties at fair value as a key audit matter.	Our procedures in relation to management's valuation of investment properties included: - evaluating the independent external valuers' competence, capabilities and objectivity; - assessing the valuation methodologies used and the reasonableness of the key assumptions and parameters based on our knowledge of the property industry and using our auditor's valuation experts; - checking on sample basis, the accuracy and relevance of the input data used; - reviewing the adequacy of disclosure related to the investment property at fair value in the financial statements; - Understanding and evaluating the key controls of the Group's determination of the fair values of investment properties; and - Checking the calculation of the fair value of the investment properties for accuracy. Based on the procedures performed, we considered management's judgments and key assumptions applied in determining the fair values of investment properties are supported by the evidence we gathered.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on financial assets and contract assets	
Refer to Notes 4, 5, 27, 28, 29 and 30 to the consolidated financial statements.	
As at 31 December 2025, the Group had account receivables, deposits and other receivables, loan receivables and contract assets of approximately RMB1,980,193,000, RMB1,088,692,000, RMB2,656,326,000 and RMB1,408,144,000, respectively, before the loss allowance amounting to approximately RMB1,530,845,000, RMB490,099,000, RMB1,338,594,000 and RMB996,937,000 has been made on account receivables, deposits and other receivables, loan receivables and contract assets, respectively. Loss allowances for expected credit losses from financial assets and contract assets are based on management's estimate of the lifetime or 12-month expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue account receivables, repayment history, collaterals and financial position and the assessment of both the current and forecast general economic conditions, all of which involve significant degree of management judgement and estimation. We focused on this area due to the impairment assessment on the financial assets and contract assets under the expected credit losses model involved the use of significant management judgements and estimates.	Our procedures in relation to management's allowance for expected credit losses on the financial assets and contract assets included: • understanding and evaluating the key controls of the Group's allowance for expected credit losses on financial assets and contract assets and the method adopted by the management for assessing the amount of expected credit losses; • assessing the reasonableness of management's loss allowance estimate on financial assets and contract assets by examining the information used by management to form such judgements, including on a sample basis, testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information; • assessing the reasonableness of recoverability of financial assets and contract assets with reference to historical utilisation pattern and credit history of counterparties including default or delay in payments, settlement records, subsequent settlements and repayment ability; • recalculating the expected credit losses amounts calculated by management to check the accuracy of the calculation; and • reviewing the adequacy of disclosure of expected credit losses on financial assets and contract assets. Based on the procedures performed, we considered management's judgments and key assumptions applied in determining the allowance for expected credit losses on financial assets and contract assets are supported by the evidence we gathered.

Independent Auditor's Report

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

Ruan Qianting

Practising Certificate Number: P08288

Hong Kong, 30 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	6,581,941	7,821,266
Cost of sales and services		(2,352,265)	(2,834,265)
Gross profit		4,229,676	4,987,001
Other income	7	116,490	220,064
Other gains or losses, net	8	(2,651,527)	(526,280)
Selling and distribution expenses		(837,156)	(1,028,348)
Administrative expenses		(1,296,882)	(1,451,715)
Research and development expenses	9	(4,756)	(13,366)
Change in fair value of investment properties, net	17	(24,215,334)	(2,879,022)
Impairment losses under expected credit loss model, net of reversal	49	(1,175,121)	(1,104,858)
Impairment losses of goodwill	21	(97,597)	–
Impairment losses of property, plant and equipment	18	(148,013)	–
Share of results of associates, net		(79,769)	36,839
Share of results of joint ventures, net		(212,491)	(28,711)
Finance cost	10	(2,160,297)	(2,531,193)
Loss before tax		(28,532,777)	(4,319,589)
Income tax credit	11	2,666,097	591,746
Loss for the year	12	(25,866,680)	(3,727,843)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
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		(244,913)	(128,670)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income of associates		–	4,407
Exchange differences from translation of financial statements		(1,011)	671
Other comprehensive loss		(245,924)	(123,592)
Total comprehensive loss for the year		(26,112,604)	(3,851,435)
Loss for the year attributable to:			
Owners of the Company		(24,093,718)	(3,492,042)
Non-controlling interests		(1,772,962)	(235,801)
		(25,866,680)	(3,727,843)
Total comprehensive loss attributable to:			
Owners of the Company		(24,335,370)	(3,614,409)
Non-controlling interests		(1,777,234)	(237,026)
		(26,112,604)	(3,851,435)
Loss per share			
Basic and diluted loss (RMB per share)	16	(5.53)	(0.80)

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Investment properties	17	74,119,800	95,104,200
Property, plant and equipment	18	1,973,368	2,673,532
Right-of-use assets	19	1,775	4,792
Intangible assets	20	42,716	64,171
Goodwill	21	–	97,597
Interests in associates	22	1,584,049	2,334,650
Interests in joint ventures	23	782,066	994,557
Financial instruments at fair value through profit or loss ("FVTPL")	24	93,400	160,879
Financial instruments at fair value through other comprehensive income ("FVTOCI")	25	508,784	1,230,892
Deferred tax assets	39	2,534,914	3,909,149
Loan receivables	27	216,940	243,921
Restricted bank deposits	31	412,930	640,670
Deposits, prepayment and other receivables	30	832,461	2,841,274
Total non-current assets		83,103,203	110,300,284
Current assets			
Inventories	26	25,927	53,065
Loan receivables	27	1,100,792	1,818,274
Financial instruments at FVTPL	24	112	144,634
Account receivables	28	449,348	585,204
Note receivables	28	278	14,126
Contract assets	29	411,207	1,008,634
Deposits, prepayment and other receivables	30	1,227,754	1,557,162
Bank balances and cash	32	2,808,460	3,153,986
Total current assets		6,023,878	8,335,085
Total assets		89,127,081	118,635,369

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Current liabilities			
Trade and other payables	33	17,811,179	18,791,802
Rental and service fee received in advance		624,055	730,600
Contract liabilities	29	575,123	749,289
Tax payables		183,321	178,161
Lease liabilities	36	555,163	601,377
Bank and other borrowings	34	9,676,448	6,016,153
Other current liabilities	38	72,541	72,908
Bonds	35	–	1,790,841
Total current liabilities		29,497,830	28,931,131
Net current liabilities		(23,473,952)	(20,596,046)
Total assets less current liabilities		59,629,251	89,704,238
Non-current liabilities			
Deferred tax liabilities	39	9,428,323	13,774,518
Bank and other borrowings	34	21,716,059	21,247,400
Lease liabilities	36	1,614,677	1,624,283
Other payables	33	440,966	472,937
Deferred income	37	154,688	160,612
Contract liabilities	29	341,504	414,245
Other non-current liabilities	38	633,152	705,692
Total non-current liabilities		34,329,369	38,399,687
Net assets		25,299,882	51,304,551

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Equity			
Share capital	40	4,354,733	4,354,733
Reserves		19,507,600	43,843,517
Equity attributable to owners of the Company		23,862,333	48,198,250
Non-controlling interests	41	1,437,549	3,106,301
Total equity		25,299,882	51,304,551

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 March 2026 and are signed on its behalf by:

LI Yupeng
Director

YANG Yingwu
Director

Consolidated Statement of Changes in Equity

As at 31 December 2025

	Share capital	Capital reserve	Fair value through other comprehensive income reserve (note a)	Investment properties reserves (note b)	Exchange difference (note c)	Surplus reserve (note d)	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	4,354,733	7,230,563	279,212	81,398	820	2,293,731	33,957,793	48,198,250	3,106,301	51,304,551
Loss for the year	-	-	-	-	-	-	(24,093,718)	(24,093,718)	(1,772,962)	(25,866,680)
Fair value change	-	-	(240,641)	-	-	-	-	(240,641)	(4,272)	(244,913)
Exchange differences from translation of financial statements	-	-	-	-	(1,011)	-	-	(1,011)	-	(1,011)
Total comprehensive loss for the year	-	-	(240,641)	-	(1,011)	-	(24,093,718)	(24,335,370)	(1,777,234)	(26,112,604)
Contributions from shareholders of subsidiaries	-	-	-	-	-	-	-	-	7,685	7,685
Distributions to shareholders	-	-	-	-	-	-	-	-	(128,700)	(128,700)
Disposal and deregistration of subsidiaries (note 44)	-	-	-	-	-	-	-	-	223,120	223,120
Disposal of financial instruments at fair value through other comprehensive income	-	-	(110,120)	-	-	-	110,120	-	-	-
Others	-	(547)	-	-	-	-	-	(547)	6,377	5,830
As at 31 December 2025	4,354,733	7,230,016	(71,549)	81,398	(191)	2,293,731	9,974,195	23,862,333	1,437,549	25,299,882

Consolidated Statement of Changes in Equity

As at 31 December 2025

	Share capital	Capital reserve	Fair value through other comprehensive income reserve (note a)	Investment properties reserves (note b)	Exchange difference (note c)	Surplus reserve (note d)	Retained earnings	Sub-total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	4,354,733	7,250,298	542,728	81,398	149	2,293,731	37,309,357	51,832,394	3,310,741	55,143,135
Loss for the year	-	-	-	-	-	-	(3,492,042)	(3,492,042)	(235,801)	(3,727,843)
Fair value change	-	-	(127,445)	-	-	-	-	(127,445)	(1,225)	(128,670)
Share of other comprehensive income of associates	-	-	4,407	-	-	-	-	4,407	-	4,407
Exchange differences from translation of financial statements	-	-	-	-	671	-	-	671	-	671
Total comprehensive (loss)/income for the year	-	-	(123,038)	-	671	-	(3,492,042)	(3,614,409)	(237,026)	(3,851,435)
Acquisition of non-controlling interests	-	1,600	-	-	-	-	-	1,600	(4,852)	(3,252)
Contributions from shareholders of subsidiaries	-	-	-	-	-	-	-	-	10,588	10,588
Distributions to shareholders	-	-	-	-	-	-	-	-	(31,363)	(31,363)
Disposal of financial instruments at fair value through other comprehensive income	-	-	(140,478)	-	-	-	140,478	-	-	-
Others	-	(21,335)	-	-	-	-	-	(21,335)	58,213	36,878
As at 31 December 2024	4,354,733	7,230,563	279,212	81,398	820	2,293,731	33,957,793	48,198,250	3,106,301	51,304,551

Notes:

- Fair value through other comprehensive income reserve comprises the cumulative net change in the fair value of equity investments designated at FVTOCI under IFRS 9 that are held at the end of the reporting period.
- Investment properties reserves represents difference arising between the carrying amount under IAS 16 at that date and the fair value is dealt with as a revaluation under IAS 16 from a transfer owner-occupied property to investment property carried at fair value.
- Exchange difference comprises all foreign exchange differences arising from the translation of the financial statements of operations.
- According to the relevant rules and regulations in the People's Republic of China ("PRC"), subsidiaries of the Company established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the reserve fund until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Reserve fund can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Operating activities			
Loss before tax		(28,532,777)	(4,319,589)
Adjustments for:			
Amortisation of intangible assets	12&20	26,668	37,621
Changes in fair value of investment properties	17	24,215,334	2,879,022
Changes in fair value of financial instruments at FVTPL	8	72,399	96,496
Depreciation of property, plant and equipment	12&18	147,985	199,585
Depreciation of right-of-use assets	12&19	6,602	3,542
Dividend income	7	(15,324)	(16,283)
Exchange loss		4,628	25,816
Finance costs	10	2,160,297	2,531,193
Gain on disposal of associates	8	(16,068)	(13,964)
Gain on disposal of financial instruments at FVTPL	8	(7,595)	(2,215)
(Gain)/loss on lease modification	8	(18,709)	36,379
Loss on disposal of property, plant and equipment	8	4,330	7,043
Loss on disposal of intangible assets	8	392	974
Impairment loss on interests in associates	8	607,340	–
Impairment losses under expected credit losses model, net of reversal	49	1,175,121	1,104,858
Impairment losses of goodwill	21	97,597	–
Impairment losses of property, plant and equipment	18	148,013	–
Impairment loss on earning right related to land consolidation	8&30	1,873,425	–
Interest income	7	(37,168)	(110,682)
Loss on disposal and deregistration of subsidiaries, net	8	12,289	–
Share of results of associates, net		79,769	(36,839)
Share of results of joint ventures, net		212,491	28,711
Write-down of inventories	8	2,399	71,857
Operating cash flows before movements in working capital		2,219,438	2,523,525
Change in inventories		25,958	34,592
Change in contract assets		255,748	203,413
Change in trade and other receivables		227,983	106,657
Change in rental and service fee received in advance		(113,898)	(146,245)
Change in trade and other payables		(1,359,496)	(1,195,228)
Change in contract liabilities		(149,472)	(429,729)
Change in deferred income		(5,924)	(49,434)
Change in other current liabilities		26,163	(369)
Change in other non-current liabilities		(72,540)	(238,022)
Cash generated from operations		1,053,960	809,160
Income tax paid		(237,494)	(592,786)
Net cash generated from operating activities		816,466	216,374

The attached notes below to the financial statements are the constituent part of this financial statement.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Investing activities			
Acquisitions of joint ventures		–	(1,550)
Acquisitions of subsidiaries		(958,775)	(2,055)
Dividends received		28,790	46,940
Grant of loans		(137,565)	(91,658)
Interest received		18,280	23,667
Placement of restricted bank deposits		(161,652)	(540,338)
Placement of bank deposits with original maturity over three months		(7,000)	(32,153)
Proceeds on disposal of associates		46,336	148,736
Proceeds on disposal of intangible assets		354	238
Proceeds on disposal of property, plant and equipment		13,276	3,537
Proceeds on disposal of financial instruments at FVTOCI		242,986	439,957
Proceeds on disposal of financial instruments at FVTPL		275,619	1,293,122
Purchase of property, plant and equipment		(122,286)	(69,254)
Purchase of intangible assets		(1,124)	(667)
Purchase of investment properties		(143,418)	(300,360)
Purchases of financial instruments at FVTPL		(141,473)	(905,801)
Refunds of prepayments for purchase of properties		–	11,365
Repayment of loan receivables		43,968	261,757
Withdrawal of bank deposits with original maturity over three months		29,259	13,000
Withdrawal of restricted bank deposits		357,730	332,676
Net cash (used in)/generated from investing activities		(616,695)	631,159

The attached notes below to the financial statements are the constituent part of this financial statement.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Financing activities			
Advance from related parties and third parties		116,782	114,000
Advance from Xiamen C&D		8,359,000	16,130,000
Capital injection by non-controlling shareholders of subsidiaries		7,685	10,988
Dividends paid		–	(78,178)
Distributions to shareholders		(68,720)	(40,623)
Interest paid		(1,659,941)	(1,991,933)
Proceeds from new bank and other borrowings		11,107,087	13,141,842
Repayment of bank and other borrowings		(6,987,074)	(18,744,882)
Redemption of bonds		(1,795,537)	–
Repayment of lease liabilities		(329,498)	(489,873)
Payment for acquisition of additional interests in subsidiaries		–	(13,652)
Repayment to related parties and third parties		(1,577,071)	(812,900)
Repayment to Xiamen C&D		(7,695,532)	(7,467,426)
Net cash used in financing activities		(522,819)	(242,637)
Net (decrease)/increase in cash and cash equivalents		(323,048)	604,896
Effect of foreign exchange rate changes		(219)	137
Cash and cash equivalents at beginning of year		3,111,833	2,506,800
Cash and cash equivalents at end of year, represented by bank balances and cash	32	2,788,566	3,111,833

Notes to the Consolidated Financial Statements

For the year ended 31 December 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 Shanghai Stock Exchange in January 2018.

The respective addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section of the annual report. 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 consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its subsidiaries. Details of the Company's subsidiaries are set out in Note 56.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. BASIS OF PREPARATION

2.1 Basis of measurement

The consolidated financial statements have been prepared in accordance with International IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

Except for investment properties and certain financial instruments which are measured at fair value, these financial statements have been measured on the historical cost basis. In case of any impairment of any assets, corresponding impairment provision will be made in accordance with relevant requirements.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. BASIS OF PREPARATION (continued)

2.2 Going concern

The Group incurred a loss of RMB25,866,680 thousand for the year ended 31 December 2025, and the Group had net current liabilities of RMB23,473,952 thousand as at 31 December 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 January 2026, and after taking into account unutilized bank facilities granted to the Group and the Group's expected operating cash inflows and financing arrangements as of 31 December 2025, believed that the liquidity risks that the Group is exposed to due to the fact that it has net current liabilities at 31 December 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 audited 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 audited 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. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards issued by 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 consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the new and amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS (continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
IFRS 19	Subsidiaries without public Accountability: Disclosure ³

¹ Effective for annual reporting periods beginning on or after a date to be determined.

² Effective for annual reporting periods beginning on or after 1 January 2026.

³ Effective for annual reporting periods beginning on or after 1 January 2027.

Except for new IFRS Accounting Standards mentioned below, the Group anticipates that the application of all the new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements of the Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements contains requirements for the presentation and disclosure in financial statements, and will replace IAS 1 Presentation of Financial Statements. The new IFRS Accounting Standard, while carrying over many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; to disclose management-defined performance measures (MPMs) in the notes to the financial statements; and to improve the aggregation and disaggregation of information disclosed in the financial statements. In addition, certain paragraphs of IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (which will be retitled “Basis for Preparation of Financial Statements” when IFRS 18 becomes effective) and to IFRS 7. Minor amendments are also made to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share.

IFRS 18 and the amendments to other standards will be effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have a material impact on the recognition and measurement of the Group’s financial position and financial performance. The Directors are in the process of assessing the specific impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue from the brand consulting and management service for the early stage of the project

It refers to the revenue received by the Group under the relevant contract or agreement, pursuant to which the Group is permitted by developers to use the brands that are intangible assets of the developers, from the provision of consultation, tenant sourcing and other services to partners of or project companies established by the Managed Shopping Malls. The revenue arising therefrom is recognised by the Group in the period of time that the relevant consulting and management services are provided in accordance with the performance schedule.

Revenue from annual brand consulting and management service for the project

After the opening of business of Managed Shopping Malls, the Group shall, on the terms and within the validity period of the contracts, permit the Managed Shopping Malls to continuously use the names of the brands that are intangible assets of the Group, and continuously provide management services (covering layout, planning, tenant sourcing, leasing, business planning, advertising, operation and after-sales service, etc.) to the Managed Shopping Malls, while the Managed Shopping Malls may, within the validity period of the contracts, continuously use the names of the brands that are intangible assets of the Group. Relevant management services are provided on an on-going basis within the validity period of the contracts. The revenue arising therefrom is recognised by the Group in the period that the management services are provided at the amount calculated and determined in accordance with charging methods agreed in the contract.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Revenue from tenant sourcing commissions

It refers to the revenue received by the Group arising from the provision of tenant sourcing and consultation services for Managed Shopping Malls. The revenue arising therefrom is recognised by the Group in the period that the tenant sourcing services are provided at the amount calculated and determined in accordance with charging methods agreed in the contract.

Revenue from commercial consultation fees

It refers to the revenue received by the Group from the provision of commercial consultation services in the stage of development planning for properties in operation other than Owned/Leased/Joint Venture/Associate Portfolio Shopping Malls and Managed Shopping Malls. The revenue arising therefrom is recognised by the Group in the period that the commercial consultation services are provided at the amount calculated and determined in accordance with charging methods agreed in the contract.

Revenue from construction and design service

As customers can control assets in progress during the Group's performance, the Group takes the construction contracts between it and customers as the performance obligations fulfilled within a certain period and recognises the revenue according to performance schedule, except that the performance schedule cannot be reasonably determined. The Group determines the performance schedule of the service it provides in accordance with the input method and the costs occurred. Where the performance schedule cannot be reasonably determined and the costs incurred to the Group are expected to be recovered, the revenue arising therefrom is recognised according to the amount of costs incurred until the performance schedule can be reasonably determined.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Revenue from home decoration and sales of merchandises

Revenue from home decoration refers to the revenue received by the Group from the provision of home design and decoration engineering services. The revenue arising therefrom is recognised by the Group based on the performance schedule in the period that the relevant services are provided. Revenue from sales of merchandise is the revenue which the Group's self-operated shopping malls obtained from sales of home decoration and furnishing products. Relevant revenue from sales of merchandise is recognised when the Group fulfilled the performance obligations in the contract and customers obtained control over relevant goods or services.

Revenue from strategic consultation fees

It refers to the revenue received by the Group for the continuous provision of operational analysis, information consultation, brand rating and assessment consultation, tenant sourcing and matching and booth coordination and other services within the validity period of the agreement entered into between the Group and home decoration companies and furniture manufacturers. The revenue arising therefrom is recognised by the Group at the amount agreed in the agreement according to the performance schedule within the validity period of the agreement.

Joint marketing revenue

It refers to the revenue received by the Group for the provision of business planning service, media production and other services during the joint marketing activities with brand manufacturers and tenants. The revenue arising therefrom is recognised when the Group fulfilled the performance obligations in the contract and customers obtained control over relevant goods or services.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessor (continued)

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under IFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

(ii) Finance leases

The Group accounts for a change in the lease payments of a finance lease as a lease modification, that is not accounted for as a separate lease, in accordance with the requirements of IFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform for a finance lease that is not accounted for as a separate lease, the Group applies the same accounting policies as those applicable to financial instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange difference (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under “other income”.

Employee benefits

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits (continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for certain of its employees. Under the MPF Scheme, each of the Group and the employees are required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000, and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in trustee-administered funds independently. There are no forfeited contributions for the MPF Scheme as the Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme (the "PRC Pension Scheme") operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the PRC Pension Scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the PRC Pension Scheme. Under the PRC Pension Scheme, no forfeited contributions will be used by the employers to reduce the existing level of contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than freehold land and properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties also include leased properties which are right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination (continued)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 31.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other comprehensive income reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Lifetime ECL for certain trade receivables/contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments/receivables that are measured at FVTOCI, financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments/receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at amortised cost

Financial liabilities including borrowings, trade payables and other payables, rental and service fee received in advance, lease liabilities, bank and other borrowings, bonds and other non-current liabilities are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities (continued)

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, and such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Operating lease – as a lessor

The Group has entered into leasing contracts for its investment properties. The Group is of the opinion that, according to the terms of such leasing contracts, the Group has retained substantially all of the material risks and rewards of the ownership of these properties, and thus they are regarded as operating lease.

Determination of single performance obligation and allocation of transaction prices to single performance obligation

The Group's brand consulting and management service for the project covers three service commitments: (1) brand consulting and management service for the early stage of the project; (2) annual brand consulting and management service for the project; (3) tenant sourcing. Customers are able to obtain benefits from the use of the three service commitments or the joint use of the three service commitments and other easily available resources, and the three service commitments can be separately distinguished from other service commitments, so each of the above service commitments constitutes a separate single performance obligation.

On the commencement date of the contract, the Group allocates the transaction prices to the above three service commitments so that the transaction price allocated to the Group's single performance obligation can reflect the consideration amount that it is expected to receive due to the transfer of the service commitments to the customer. When the standalone selling price cannot be directly observed, the Group will comprehensively consider all relevant information that it can reasonably obtain, and reasonably estimate the standalone selling price by adopting the market adjustment method. Information considered includes market conditions, enterprise specific factors, and customer-related information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies (continued)

Methods for determining the performance schedule of construction contracts

The Group determines the performance schedule of the brand consulting and management service and construction service contracts for the project in accordance with the input method. Specifically, the Group determines the performance schedule based on the percentage of cumulative actual costs in the estimated total costs. The cumulative actual costs include the direct and indirect costs incurred by the Group in transferring goods and services to customers. The Group believes that the price of the construction contract with the customer is determined on the basis of the construction cost, and the percentage of actual construction costs in the estimated total costs can accurately reflect the performance schedule of the construction service. The brand consulting and management service and construction service contracts for the project may span certain accounting periods. In particular, the Group thinks that the price of construction service contract with the customer is determined on the basis of the construction cost, and the percentage of actual construction costs in the estimated total costs can accurately reflect the performance schedule of the construction service. The Group will review and revise the budget as the construction service contract advances and adjust revenue recognition accordingly.

Business models

The classification of financial assets at initial recognition depends on the business model of the Group's management of financial assets. In judging the business model, the Group takes into account the corporate evaluation and ways to report the performance of financial assets to key management personnel, risks affecting the performance of financial assets and their management style, and the manner in which relevant business management personnel are paid. In assessing whether the business model aims at the collection of contractual cash flows, the Group needs to analyse and judge the reasons, timing, frequency and value of the sale of financial assets before the maturity date.

Division of investment properties and property, plant and equipment

The Group will exercise its discretion to classify investment properties and property, plant and equipment. Investment property is any property held for rental earnings or capital appreciation or both. Fixed assets are mainly tangible assets that are held by the Group for use in the production or supply of goods or services, or for administrative purposes, and have useful lives of more than one accounting year. Therefore, in classifying investment properties and fixed assets, the Group will fully consider the management's intention, whether relevant lease agreements are concluded, and other factors.

Pending litigation

The Group judges the amount and possibility of the current obligations arising from the pending litigation of the Group based on the progress of the case trial and the judgment and opinions of the lawyer on the outcome of the case. If the performance of the current obligation is not likely to cause economic benefits to flow out of the enterprise, or the amount of the current obligation cannot be measured reliably, the Group will disclose as a contingent liability; if the performance of the current obligation is likely to cause economic benefits to flow out of the enterprise, and if the amount of the current obligation can be measured reliably, the Group regards it as an estimated liability.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies (continued)

Judgment of significant influence on invested enterprise

The Group is based on whether it has the power to participate in decision-making on the financial and operating policies of the invested enterprise, but cannot control or jointly control the formulation of these policies with other parties as a criterion for judging whether it has a significant impact on the invested enterprise. The Group recognises equity investments that the Group has a significant impact on the investee as interests in associates and interests in joint ventures.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2025, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets subject to impairment assessment were RMB1,973,368 thousand, RMB1,775 thousand and RMB42,716 thousand (2024: RMB2,673,532 thousand, RMB4,792 thousand and RMB64,171 thousand) respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in Note 17.

In determining the fair values, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of fair value gain or loss reported in profit or loss.

As at 31 December 2025, the carrying amount of the Group's investment properties is RMB74,119,800 thousand (2024: RMB95,104,200 thousand).

Deferred tax asset

As at 31 December 2025, a deferred tax asset of RMB581,692 thousand (2024: RMB1,644,924 thousand) in relation to unused tax losses of certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of non-operating subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Fair value measurement of financial instruments at FVTPL and FVTOCI

As at 31 December 2025, certain of the Group's financial instruments at FVTPL and FVTOCI, amounting to RMB380,766 thousand (2024: RMB967,092 thousand) are measured based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 49 for further disclosures.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Provision of ECL on the financial assets and contract assets

The loss allowances for financial assets are based on assumption about risk of default and expected loss rates. The Group use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

In addition, the Group uses practical expedient in estimating ECL on account receivables and contract assets, which are not assessed individually, by using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL assessment is disclosed in Notes 49 to the consolidated financial statements.

Lessee's incremental borrowing rate

For leases where the interest rate within the lease cannot be determined, the Group adopts the Group's incremental borrowing rate as the discount rate to calculate the present value of the lease payments. When determining the incremental borrowing rate, the observable interest rate is used as reference basis according to the economic environment in which it operates. Based on this, the reference interest rate is adjusted to get applicable incremental borrowing rate according to its own situation, the underlying asset situation, lease term, the amount of the lease liability and other specific conditions of leasing business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. 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, 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 described in Note 4. Segment profit/(loss) represents the profit earned/(loss incurred) by each segment without allocation of other income, other gains or losses, research and development expenses, changes in fair value of investment properties, impairment loss under expected credit losses model, impairment losses on goodwill, impairment losses on property, plant and equipment, share of results of associates, share of results of joint ventures, finance cost, central administrative expenses and income tax credit/(expenses). 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 the reportable segment of the Group.

No segment assets and liabilities, and other segment information are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. SEGMENT INFORMATION AND REVENUE (continued)

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
Year ended 31 December 2025					
Segment revenue from external customers	4,881,281	1,191,310	107,808	401,542	6,581,941
Segment profit/(loss)	2,122,157	92,561	(110,058)	18,698	2,123,358
Unallocated:					
Other income					116,490
Other gains or losses, net					(2,651,527)
Central administrative expense					(27,720)
Research and development expenses					(4,756)
Change in fair value of investment properties, net					(24,215,334)
Impairment losses under expected credit loss model, net of reversal					(1,175,121)
Impairment losses of goodwill					(97,597)
Impairment losses of property, plant and equipment					(148,013)
Share of results of associates, net					(79,769)
Share of results of joint ventures, net					(212,491)
Finance cost					(2,160,297)
Loss before tax					(28,532,777)
Other information:					
Depreciation	73,450	9,995	1,670	69,472	154,587
Amortisation	289	17,446	46	8,887	26,668

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. SEGMENT INFORMATION AND REVENUE (continued)

	Owned/Leased Portfolio Shopping Malls RMB'000	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2024					
Segment revenue from external customers	5,360,019	1,460,146	332,128	668,973	7,821,266
Segment profit/(loss)	2,461,295	(44,989)	(66,085)	191,319	2,541,540
Unallocated:					
Other income					220,064
Other gains or losses, net					(526,280)
Central administrative expense					(34,602)
Research and development expenses					(13,366)
Change in fair value of investment properties, net					(2,879,022)
Impairment losses under expected credit loss model, net of reversal					(1,104,858)
Share of results of associates, net					36,839
Share of results of joint ventures, net					(28,711)
Finance cost					(2,531,193)
Loss before tax					(4,319,589)
Other information:					
Depreciation	97,966	11,125	2,371	91,665	203,127
Amortisation	289	25,234	975	11,123	37,621

The revenue of sales set out as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	1,647,455	2,426,913
Rental and related revenue	4,934,486	5,394,353
	6,581,941	7,821,266

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. SEGMENT INFORMATION AND REVENUE (continued)

The following is an analysis of revenue from contracts with customers:

	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2025				
Primary geographical markets				
Chinese Mainland	1,191,310	107,808	348,337	1,647,455
Timing of revenue recognition				
Revenue recognized at a point in time				
Revenue from sales of goods	–	5,221	12,356	17,577
Other revenues	–	19,257	45,613	64,870
Revenue recognized over-time				
Revenue from operation and management services	1,191,310	–	–	1,191,310
Revenue from decoration, construction and design services	–	83,330	–	83,330
Other revenues	–	–	290,368	290,368
Total	1,191,310	107,808	348,337	1,647,455

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. SEGMENT INFORMATION AND REVENUE (continued)

	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2024				
Primary geographical markets				
Chinese Mainland	1,460,146	332,128	634,639	2,426,913
Timing of revenue recognition				
Revenue recognized at a point in time				
Revenue from sales of goods	–	1,988	35,881	37,869
Other revenues	–	–	171,053	171,053
Revenue recognized over-time				
Revenue from operation and management services	1,460,146	–	–	1,460,146
Revenue from decoration, construction and design services	–	330,140	–	330,140
Other revenues	–	–	427,705	427,705
Total	1,460,146	332,128	634,639	2,426,913

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. SEGMENT INFORMATION AND REVENUE (continued)

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and the expected timing of recognising revenue are as follows:

	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Within one year	302,486	75,016	3,033	380,535
More than one year	1,056,547	479,334	–	1,535,881
	1,359,033	554,350	3,033	1,916,416

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and the expected timing of recognising revenue are as follows:

	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Within one year	372,309	262,216	3,257	637,782
More than one year	7,490,867	163,124	–	7,653,991
	7,863,176	425,340	3,257	8,291,773

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 as follows:

	Non-current assets 2025 RMB'000	2024 RMB'000
The PRC	79,211,604	103,512,056
The Cayman Islands	35,467	91,804
	79,247,071	103,603,860

Note:

Non-current assets exclude financial instruments and deferred tax assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. SEGMENT INFORMATION AND REVENUE (continued)

Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the year (2024: none).

7. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income on		
– bank deposits	9,723	16,854
– other loans and receivables	27,445	93,828
Total interest income	37,168	110,682
Government grants		
– tax refund and subsidies	23,793	33,882
– special industry-supporting fund	20,305	21,878
– other policy reward support funds	–	71
Subsidy for land supporting expense and subsidy for gas-fired air conditioning equipment	5,924	5,886
Dividend income from financial instruments at FVTOCI	6,023	14,431
Dividend income from financial instruments at FVTPL	9,301	1,852
Income from default compensation	2,927	3,623
Income from project termination	11,049	27,759
	116,490	220,064

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. OTHER GAINS OR LOSSES, NET

	2025 RMB'000	2024 RMB'000
Gain on disposal of associates	16,068	13,964
Gain on disposal of financial instruments at FVTPL	7,595	2,215
Loss on disposal of property, plant and equipment	(4,330)	(7,043)
Loss on disposal of intangible assets	(392)	(974)
Loss on disposal and deregistration of subsidiaries, net	(12,289)	–
Gain/(loss) on lease modification	18,709	(36,379)
Impairment loss on earning right related to land consolidation (note 30(b))	(1,873,425)	–
Impairment loss on interests in associates (note a)	(607,340)	–
Change in fair value of financial instruments at FVTPL	(72,399)	(96,496)
Compensation expenses	(92,763)	(37,289)
Write-down of inventories	(2,399)	(71,857)
Exchange loss	(6,463)	(32,677)
Others (note b)	(22,099)	(259,744)
	(2,651,527)	(526,280)

Note:

- (a) The Group carried out reviews of the recoverable amount of investment in associates during the year ended 31 December 2025 as a result of the deterioration of the performance of the associates. The reviews led to the recognition of an impairment loss of RMB607,340 thousand, that has been recognised in profit or loss.
- (b) Other losses for the year ended 31 December 2024 mainly included relevant losses of RMB139,564 thousand arising from the termination of individual projects for which the decision to cease further investment was made after assessment by the relevant departments of the Company. The Group has no such loss for the year ended 31 December 2025.

9. RESEARCH AND DEVELOPMENT EXPENSES

	2025 RMB'000	2024 RMB'000
Salaries, bonus and benefits	4,756	9,939
Depreciation and amortisation	–	3,403
Others	–	24
	4,756	13,366

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. FINANCE COST

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	2,018,621	2,293,629
Interest on lease liabilities	78,107	137,843
Interest on bonds	63,569	100,324
	2,160,297	2,531,796
Less: amount capitalised in the cost of qualifying assets (note)	–	(603)
	2,160,297	2,531,193

11. INCOME TAX

	2025 RMB'000	2024 RMB'000
Income tax expenses comprise:		
Current tax:		
PRC enterprise income tax	181,429	264,145
Under provision in prior year	13,608	74,968
	195,037	339,113
Deferred tax – current year (Note 39)	(2,861,134)	(930,859)
Income tax credit	(2,666,097)	(591,746)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX (continued)

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(28,532,777)	(4,319,589)
Income tax expenses calculated based on statutory tax rate	(7,133,194)	(1,079,897)
Impact of different tax rates applicable to subsidiaries	(2,388)	(76,973)
Under-provision in prior year	13,608	74,968
Tax effect of share of results of associates	53,765	40,287
Tax effect of share of results of joint ventures	53,123	7,178
Tax effect of income not taxable for tax purpose	(23,608)	(27,788)
Tax effect of expenses that are not deductible for tax purpose	32,842	41,090
Utilisation of tax losses and deductible temporary differences previously unrecognised	(25,581)	(146,209)
Effect of tax losses not recognised and deductible temporary differences not recognised	4,365,336	575,598
	(2,666,097)	(591,746)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The Group's subsidiary, Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司), is entitled to preferential policies on enterprise income tax pursuant to the Announcement of the Ministry of Finance, the General Administration of Taxation and the National Development and Reform Commission No. 23 of 2020 "Announcement of the General Administration of Taxation of the Ministry of Finance and the National Development and Reform Commission on the Continuation of the Enterprise Income Tax Policies for the Development of Western Region" (《財政部稅務總局國家發展改革委關於延續西部大開發企業所得稅政策的公告》). The aforesaid subsidiaries met the relevant conditions and the applicable tax rate for the current year was 15%.

On December 2025, a subsidiary of the Group, Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司), obtained the certificate for High and New Technology Enterprise, whose certificate number was GR202531006369 with a validity of three years, and was subject to a tax rate of 15% for the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. LOSS FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Loss for the year has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)		
Salaries and other benefits	1,608,925	1,988,877
Retirement benefits scheme contributions	152,624	188,343
Total staff costs	1,761,549	2,177,220
Auditors' remuneration	6,500	6,500
Cost of inventories recognised as an expense	12,833	43,033
Depreciation of property, plant and equipment	147,985	199,585
Depreciation of right-of-use assets	6,602	3,542
Amortisation of intangible assets	26,668	37,621
Advertising and promotional expenses	489,917	613,267
Gross rental income from investment properties	(4,934,486)	(5,394,353)
Less: Direct operating expenses incurred for investment properties	1,278,271	1,377,783
	(3,656,215)	(4,016,570)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related incentive payments RMB'000	Total RMB'000
For the year ended 31 December 2025					
Executive directors					
LI Yupeng (note a)	–	1,114	107	160	1,381
SHI Yaofeng	–	1,720	146	160	2,026
YANG Yingwu	–	1,232	146	285	1,663
Total	–	4,066	399	605	5,070
Non-executive directors					
LI Jianhong (note b)	–	–	–	–	–
YE Yanliu (note c)	–	–	–	–	–
CHE Jianxing (note d)	–	1,653	109	–	1,762
XU Guofeng (note e)	–	–	–	–	–
ZHENG Yongda (note f)	–	–	–	–	–
WANG Wenhui (note g)	–	–	–	–	–
ZOU Shaorong	–	–	–	–	–
XU Di (note h)	–	–	–	–	–
SONG Guangbin (note h)	–	–	–	–	–
Total	–	1,653	109	–	1,762

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (continued)

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related incentive payments RMB'000	Total RMB'000
Independent non-executive directors					
XUE Wei	200	–	–	–	200
CHEN Shanang	200	–	–	–	200
HUANG Jianzhong	200	–	–	–	200
WONG Chi Wai	200	–	–	–	200
CAI Qinghui	200	–	–	–	200
Total	1,000	–	–	–	1,000
Employee director					
ZHENG Jianjie (note i)	–	217	62	87	366
Supervisors					
MA Chenguang (note j)	–	94	–	–	94
CHEN Jiasheng (note j)	–	94	–	–	94
TANG Rongzhen (note j)	–	689	97	198	984
WANG Shouyi (note j)	–	346	97	46	489
Total	–	1,223	194	244	1,661

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (continued)

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related incentive payments RMB'000	Total RMB'000
For the year ended 31 December 2024					
Executive directors					
CHE Jianxing (note d)	–	4,300	146	800	5,246
SHI Yaofeng	–	3,704	146	–	3,850
YANG Yingwu	–	1,800	146	–	1,946
Total	–	9,804	438	800	11,042
Non-executive directors					
LI Jianhong (note b)	–	1,415	8	–	1,423
ZHENG Yongda (note f)	–	–	–	–	–
WANG Wenhui (note g)	–	–	–	–	–
ZOU Shaorong	–	–	–	–	–
XU Di (note h)	–	–	–	–	–
SONG Guangbin (note h)	–	–	–	–	–
Total	–	1,415	8	–	1,423

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (continued)

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related incentive payments RMB'000	Total RMB'000
Independent non-executive directors					
XUE Wei	200	–	–	–	200
CHEN Shanang	200	–	–	–	200
HUANG Jianzhong	200	–	–	–	200
WONG Chi Wai	200	–	–	–	200
CAI Qinghui	200	–	–	–	200
Total	1,000	–	–	–	1,000
Supervisors					
MA Chenguang (note j)	–	–	–	–	–
CHEN JiaSheng (note j)	–	–	–	–	–
TANG Rongzhen (note j)	–	–	–	–	–
WANG Shouyi (note j)	–	–	–	–	–
Total	–	–	–	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS (continued)

Note a: Appointed as non-executive director on 19 February 2025 and has been re-designated from a non-executive director to an executive director with effect from 21 March 2025.

Note b: Re-designated from an executive director to a non-executive director with effect from 27 December 2024 and resigned on 16 July 2025.

Note c: Appointed on 4 July 2025.

Note d: Resigned as executive director on 16 July 2025 and appointed as non-executive director on 13 October 2025.

Note e: Appointed on 15 August 2025.

Note f: Resigned on 16 May 2025.

Note g: Resigned on 19 February 2025.

Note h: Resigned on 3 September 2025.

Note i: Appointed on 21 August 2025.

Note j: Resigned on 16 July 2025.

The supervisors' remuneration shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

Mr. LI Yupeng (2024: Mr. Che Jianxing) is also the chief executive of the Company and his emolument for the role as chief executive is also included above.

Performances bonuses were determined by the management having regard to the performance of the directors and supervisors of the Company and the Group's operating results.

No director or supervisor of the Company waived any emoluments during the year (2024: nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included zero directors (2024: two directors) and zero executives (2024: one executive), and details of directors' remuneration are set out in Note 13. Details of the remaining five (2024: three) non-directors who were the five highest paid employees are set out as follows:

	2025 RMB'000	2024 RMB'000
Salaries and allowance	7,068	10,765
Bonuses	11,806	2,559
Pension	338	212
Social insurance and reserve fund other than pensions	356	224
	19,568	13,760

The number of the non-directors of five highest paid employees whose pre-tax remuneration fell within the following bands is as follows:

	2025 Number of employee	2024 Number of employee
HK\$3,000,001 (equivalent to RMB2,751,000) to HK\$3,500,000 (equivalent to RMB3,209,000)	2	–
HK\$3,500,001 (equivalent to RMB3,209,000) to HK\$4,000,000 (equivalent to RMB3,668,000)	1	–
HK\$4,000,001 (equivalent to RMB3,668,000 (2024: RMB3,704,000)) to HK\$4,500,000 (equivalent to RMB4,126,000 (2024: RMB4,167,000))	1	1
HK\$4,500,001 (equivalent to RMB4,167,000) to HK\$5,000,000 (equivalent to RMB4,630,000)	–	1
HK\$5,000,001 (equivalent to RMB4,630,000) to HK\$6,000,000 (equivalent to RMB5,556,000)	–	1
HK\$7,000,001 (equivalent to RMB6,418,000) to HK\$7,500,000 (equivalent to RMB6,877,000)	1	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. DIVIDEND

The Board resolved that no final dividend will be declared in respect of the year ended 31 December 2025 (2024: Nil).

16. LOSS PER SHARE

The calculation of basic and diluted loss per share as of 31 December 2025 and 2024 is based on the following data:

	2025 RMB	2024 RMB
Basic and diluted loss per share	(5.53)	(0.80)

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 potentially dilutive ordinary shares outstanding for the years ended 31 December 2025 and 2024. Accordingly, the diluted loss per share is same as the basic loss per share for the years ended 31 December 2025 and 2024.

As of 31 December 2025 and 2024, the calculation of basic and diluted loss per share is detailed as follows:

	2025	2024
<i>Loss</i>		
Net loss for the year attributable to owners of the Company (RMB'000)	(24,093,718)	(3,492,042)
<i>Number of the ordinary shares</i>		
Weighted average number of the ordinary shares of the Company ('000)	4,354,733	4,354,733

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. INVESTMENT PROPERTIES

The Group leases out shops and buildings under operating leases with rentals payable monthly. The leases typically run for an initial period of 6 months to 2 years (2024: 6 months to 2 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

For the year ended 31 December 2025, the total cash outflow for investment properties is RMB547,842 thousand (2024: RMB921,464 thousand), including RMB404,424 (2024: RMB621,104 thousand) paid for leased properties under subleases and RMB143,418 thousand (2024: RMB300,360 thousand) paid for acquiring investment properties.

The leased properties are with leased terms of 1 year to 40 years (2024: 1 year to 30 years).

	Completed investment properties RMB'000	Properties under construction RMB'000	Leased properties RMB'000	Total RMB'000
Fair value				
As at 1 January 2024	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	85,150,200	8,299,000	1,655,000	95,104,200
Additions	132,756	5,564	490,328	628,648
Acquisition of subsidiaries	2,364,672	–	–	2,364,672
Disposals	(22,831)	–	–	(22,831)
Lease modification	–	–	(236,644)	(236,644)
Transfer from/(to) property, plant and equipment and properties under construction	1,175,089	(678,000)	–	497,089
Changes in fair value	(22,563,087)	(1,285,564)	(366,683)	(24,215,334)
As at 31 December 2025	66,236,799	6,341,000	1,542,001	74,119,800

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. INVESTMENT PROPERTIES (continued)

The investment properties are all situated on the land under medium-term lease in the PRC. The fair values of the Group's investment properties at the end of the reporting period were valued by Shanghai Orient Appraisal CO., LTD. and Beijing Zhuoxindahua Appraisal CO., LTD., two firms of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuation of certain completed investment properties and leased properties have been arrived at with adoption of income approach based on the rental income of the property derived from the existing leases and achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

The valuation of certain investment properties at an early development stage and certain completed investment properties have been arrived at by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The valuation of other investment properties under development has been arrived at with adoption of the hypothetical development method. It is assumed that these investment properties will be developed to a usable state in accordance with the established development plan. To determine their fair value, a direct comparison is made using rental data that is available and comparable in the relevant market, and the construction costs and professional fees expected to be incurred from the valuation date to the completion of development, as estimated by the valuer, are deducted.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. INVESTMENT PROPERTIES (continued)

As at 31 December 2025

	Fair value Hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range	Effect on fair value for changes to key inputs	Carrying amounts RMB'000
Completed investment properties	Level 3	Income approach	Price of unit area leasable (per square meter per month) Capitalisation Rate	RMB10 to RMB214 3.5% to 6.5%	Increase Decrease	66,236,799
Investment properties at an early development stage	Level 3	Direct comparison approach	Unit area price of investment properties (per square meter)	RMB358 to RMB30,653	Increase	5,420,000
Other investment properties under development	Level 3	Hypothetical development approach	Unit area price of investment properties (per square meter) Capitalisation rate	RMB51 to RMB69 6.00%	Increase Decrease	921,000
Leased properties	Level 3	Income approach	Price of unit area leasable (per square meter per month) Capitalisation rate	RMB18 to RMB178 3.95% to 6.95%	Increase Decrease	1,542,001
						74,119,800

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. INVESTMENT PROPERTIES (continued)

As at 31 December 2024

	Fair value Hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range	Effect on fair value for changes to key inputs	Carrying amounts RMB'000
Completed investment properties	Level 3	Income approach	Price of unit area leasable (per square meter per month) Capitalisation Rate	RMB12 to RMB208 4.5% to 7.0%	Increase Decrease	81,611,200
Completed investment properties	Level 3	Direct comparison approach	Unit area price of investment properties (per square meter)	RMB14,897	Increase	3,539,000
Investment properties at an early development stage	Level 3	Direct comparison approach	Unit area price of investment properties (per square meter)	RMB374 to RMB34,406	Increase	6,059,000
Other investment properties under development	Level 3	Hypothetical development approach	Unit area price of investment properties (per square meter) Capitalisation rate	RMB59 to RMB82 5.0% to 6.0%	Increase Decrease	2,240,000
Leased properties	Level 3	Income approach	Price of unit area leasable (per square meter per month) Capitalisation rate	RMB13 to RMB223 3.45% to 6.45%	Increase Decrease	1,655,000
						95,104,200

There were no transfers into or out of Level 3 during the years ended 31 December 2025 and 2024.

The unrealised loss on property revaluation amounting to RMB24,215,334 thousand was recognised in profit or loss during the current year (2024: RMB2,879,022 thousand).

As of 31 December 2025, the Company holds an investment property with a carrying value of RMB1,814,000 thousand (2024: RMB2,198,000 thousand) located on land where the project partner holds the land use rights. The land is designated for scientific research and design purposes, and the land use rights are classified as allocated land.

As of 31 December 2025, the Company holds shopping mall properties with a carrying value of RMB114,000 thousand (2024: RMB209,000 thousand) acquired through transfer. Due to historical land-related issues associated with these properties, the transfer of ownership registration has not yet been completed.

Other than the abovementioned, the Group was in the process of obtaining the relevant ownership property certificates for the investment properties with carrying amounts of RMB643,000 thousand and RMB1,185,000 thousand as at 31 December 2025 and 2024, respectively. In the opinion of the directors of the Company, the relevant property ownership certificates can be obtained in due time without incurring significant costs.

The Group's investment properties of RMB61,520,800 thousand (2024: RMB80,746,200 thousand) was pledged to secure the bank and other borrowings of the Group as detailed in Notes 34 and 45.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Special equipment RMB'000	Transportation equipment RMB'000	Electronic equipment, appliances and fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
As at 1 January 2024	4,252,580	9,548	99,383	437,630	16,885	4,816,026
Additions	5,998	1,994	–	20,997	40,265	69,254
Transfer from construction in progress	42,733	–	–	–	(42,733)	–
Transfer from investment properties	(65,729)	–	–	–	–	(65,729)
Transfer to intangible assets	–	–	–	–	(4,507)	(4,507)
Disposal/written off	(99,695)	(2,240)	(15,567)	(22,935)	–	(140,437)
As at 31 December 2024 and 1 January 2025	4,135,887	9,302	83,816	435,692	9,910	4,674,607
Additions	68,672	–	137	12,618	43,197	124,624
Transfer from construction in progress	20,434	–	–	–	(20,434)	–
Transfer to investment properties	(559,033)	–	–	–	–	(559,033)
Transfer to intangible assets	–	–	–	–	(4,835)	(4,835)
Disposal of subsidiaries	–	–	(541)	(5,893)	–	(6,434)
Disposal/written off	(594,167)	(139)	(31,714)	(18,478)	–	(644,498)
As at 31 December 2025	3,701,793	9,163	51,698	423,939	27,838	3,584,431
Accumulated depreciation and Impairment						
As at 1 January 2024	1,373,934	6,823	77,042	379,572	–	1,837,371
Depreciation charge	162,662	558	6,077	30,288	–	199,585
Disposal of subsidiaries	(6,578)	–	–	–	–	(6,578)
Disposal/written off	–	(2,143)	(10,195)	(16,965)	–	(29,303)
As at 31 December 2024 and 1 January 2025	1,530,018	5,238	72,924	392,895	–	2,001,075
Depreciation charge	126,421	1,749	3,700	16,115	–	147,985
Transfer to investment properties	(61,944)	–	–	–	–	(61,944)
Disposal of subsidiaries	–	–	(514)	(5,574)	–	(6,088)
Disposal/written off	(571,708)	(89)	(28,924)	(17,257)	–	(617,978)
Provision of impairment loss on property, plant and equipment	148,013	–	–	–	–	148,013
As at 31 December 2025	1,170,800	6,898	47,186	386,179	–	1,611,063
Carrying amount						
As at 31 December 2025	1,900,993	2,265	4,512	37,760	27,838	1,973,368
As at 31 December 2024	2,605,869	4,064	10,892	42,797	9,910	2,673,532

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. PROPERTY, PLANT AND EQUIPMENT (continued)

As of 31 December 2025, the Group's land and buildings with carrying value of RMB1,742,087 thousand (2024: RMB2,409,393 thousand) were used as mortgaged collateral. Details, please refer to Notes 34 and 45.

During the year ended 31 December 2025, the Group transferred a property with carrying value of RMB 497,089 thousand from property, plant and equipment to investment properties due to the usage of the property changed from self-use to rental.

During the year ended 31 December 2024, the Group transferred a property with carrying value of RMB59,151 thousand from property, plant and equipment to investment properties due to the usage of the property changed from self-use to rental.

The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Houses and buildings – 40 years

Special equipment – 10 years

Transportation equipment – 5 years

Electronic equipment, appliances and fixtures – 3 to 5 years

The Group carried out a review of the recoverable amount of its land and buildings in 2025. The review led to the recognition of an impairment loss of RMB148,013 thousand (2024: nil) that has been recognised in profit or loss. The recoverable amount of the relevant assets of HK\$200,516 thousand (RMB348,528 thousand before impairment) has been determined on the basis of fair value less costs of disposal using a market comparable approach (level 3 fair value measurements). Fair value was determined by reference to market transaction prices of similar assets, the condition of the assets and their expected realisability. Costs of disposal include value added tax, transaction taxes and other expenses that would be actually incurred in a disposal transaction. Key assumptions used include market transaction prices of similar assets, which are determined based on publicly available market transaction prices of comparable assets and market price movement indices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. RIGHT-OF-USE ASSETS

		Leased properties RMB'000
Cost		
As at 1 January 2024		21,634
Modification		(7,726)
As at 31 December 2024 and 1 January 2025		13,908
Additions		1,461
Modification		(2,115)
As at 31 December 2025		13,254
Accumulated depreciation		
As at 1 January 2024		10,847
Depreciation change		3,542
Modification		(5,273)
As at 31 December 2024 and 1 January 2025		9,116
Depreciation change		6,602
Modification		(4,239)
As at 31 December 2025		11,479
Carrying amount		
As at 31 December 2025		1,775
As at 31 December 2024		4,792
	2025 RMB'000	2024 RMB'000
Expense relating to short-term leases	9,292	43,044
Total cash outflow for leases	416,897	670,760

For both years, the Group leases various offices, warehouses, retail stores for its operations. Lease contracts are entered into for fixed term of 1.75 to 6 years (2024: 1 to 6 years), but may have extension and termination options. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. INTANGIBLE ASSETS

	Software RMB'000	Trademark use right RMB'000	Others RMB'000	Total RMB'000
Cost				
As at 1 January 2024	284,928	525,000	43,939	853,867
Additions	667	–	–	667
Transfer from construction in progress	3,326	–	1,181	4,507
Disposal/written off	(3,893)	–	(74)	(3,967)
As at 31 December 2024 and 1 January 2025	285,028	525,000	45,046	855,074
Additions	1,124	–	–	1,124
Transfer from construction in progress	343	–	4,492	4,835
Disposal/written off	(3,995)	–	(2,460)	(6,455)
As at 31 December 2025	282,500	525,000	47,078	854,578
Accumulated amortisation and impairment				
As at 1 January 2024	202,985	525,000	28,052	756,037
Amortisation	27,186	–	10,435	37,621
Disposal/written off	(2,716)	–	(39)	(2,755)
As at 31 December 2024 and 1 January 2025	227,455	525,000	38,448	790,903
Amortisation	20,835	–	5,833	26,668
Disposal/written off	(3,995)	–	(1,714)	(5,709)
As at 31 December 2025	244,295	525,000	42,567	811,862
Carrying amount				
As at 31 December 2025	38,205	–	4,511	42,716
As at 31 December 2024	57,573	–	6,598	64,171

As at 31 December 2025 and 2024, the software are mainly internal generated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. INTANGIBLE ASSETS (continued)

RMB525,000,000 in the initial gross carrying amount of the right to use the trademarks was the right to use the registered trademark of Jisheng Wellborn from Shanghai Jisheng Wellborn Furniture Company Limited (上海吉盛偉邦家居市場經營管理有限公司) by the Company. In May 2014, the Company and the controlling shareholders of the JSWB Furniture entered into the Registered Trademark Licensing Contract, pursuant to which, Shanghai Jisheng Wellborn Furniture Company Limited authorises the Group to use eight of its registered trademarks (the “licensed trademarks”) on an exclusive basis, and the Group has the right to use the licensed trademarks in our Portfolio Shopping Malls or Managed Shopping Malls and in the business operation course related with those shopping malls. Meanwhile, the Group has the right to authorise any third parties to use the licensed trademarks within the properties of the shopping malls from 1 June 2014 to 30 May 2044. The right to use the trademarks was amortised on a straight-line basis within 30 years of the licensed period contracted by the Group since June 2014 which is fully impaired in 2021.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods.

Software	– from 2 to 10 years
Trademark use right	– 30 years
Others	– 3 years

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. GOODWILL

	2025 RMB'000	2024 RMB'000
Suzhou Industrial Park Red Star Macalline Home Co., Ltd	16,592	16,592
Xinsheng Property Management (Shanghai) Co., Ltd.	81,005	81,005
	97,597	97,597
Less: Provisional of impairment loss on goodwill	(97,597)	–
	–	97,597

Suzhou Industrial Park Red Star Macalline Home Co., Ltd (蘇州工業園區紅星美凱龍家居有限公司) (“Suzhou Industrial Park”)

The subsidiary to which goodwill belongs is deemed as a cash generated unit (the “CGU”) when being tested for goodwill impairments. The recoverable amount of a CGU to which goodwill belongs is determined based on the present value of the estimated future cash flows of the CGU which are determined based on the financial budget for the 5 years forecast period approved by the management. The pre-tax discount rate used to forecast the cash flows of CGU during the forecast period was 5.0% (2024: 5.5%). Since, after calculation, the present value of the estimated future cash flows of Suzhou Industrial Park was lower than the carrying amount of the portfolios of asset groups, the Group believed that full impairment of goodwill arising from the acquisition of Suzhou Industrial Park should be recognized, as at the year ended 31 December 2025.

Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司) (“Shanghai Xinsheng”)

The subsidiary to which goodwill belongs is deemed as CGU when being tested for goodwill impairments. The recoverable amount of the CGU to which goodwill belongs is determined based on the net amount of fair value of the CGU after deducting costs of disposal, and the carrying amount of Shanghai Xinsheng’s CGU for impairment test was the carrying amount of the assets group after deducting the non-core goodwill arising from the recognition of deferred income tax liabilities. According to the calculation, the net amount of fair value of Shanghai Xinsheng after deducting costs of disposal was lower than the carrying amount of the assets group. The Group believes that full impairment of goodwill arising from the acquisition of Shanghai Xinsheng should be fully recognized, as at the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Cost of investments in unlisted associates	2,151,405	2,202,562
Share of post-acquisition profits and other comprehensive income, net of dividends received	183,850	276,537
	2,335,255	2,479,099
Less: Provisional of impairment loss on interests in associates	(715,206)	(144,449)
	1,584,049	2,334,650

During the year ended 31 December 2025, the Group disposed the following associates:

	Equity interest disposed	Consideration RMB'000	Carrying amount RMB'000	Gain on disposal RMB'000
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司)	12.17%	20,109	12,739	7,370
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司)	10.00%	30,000	29,846	154
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司)	11.66%	8,000	4,232	3,768
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	49.00%	2,256	1,980	276
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司) (note)	4.90%	4,500	–	4,500
Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營(廣州)有限公司)	32.00%	–	–	–
Zhongzhuang Jicai (Beijing) Information Technology Co., Ltd (中裝集採(北京)信息技術有限公司)	35.00%	–	–	–
		64,865	48,797	16,068

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES (continued)

During the year ended 31 December 2024, the Group disposed the following associates:

	Equity interest disposed	Consideration RMB'000	Carrying amount RMB'000	Gain on disposal RMB'000
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	0.77%	11,944	–	11,944
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	10.00%	13,000	11,245	1,755
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	42.86%	57,048	56,783	265
		81,992	68,028	13,964

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES (continued)

As at 31 December 2025 and 2024, the Group had interests in the following principal associates:

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2025	2024	2025	2024	
Haier Consume Financing Company Limited (海爾消費金融有限公司) ("Haier Financing")	PRC	25.00%	25.00%	25.00%	25.00%	Finance
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) ("Shandong Inzone")	PRC	46.50%	46.50%	46.50%	46.50%	Leasing and commercial services
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	PRC	35.00%	35.00%	35.00%	35.00%	Residential services, maintenance and other services
Yaxiya New Materials Technology Co., Ltd. (亞細亞新材料科技股份有限公司) (note)	PRC	19.53%	19.53%	19.53%	19.53%	Wholesale and retail
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司) (note)	PRC	10.53%	10.53%	10.53%	10.53%	Information transmission, software and information technology services
SUNSEAPARKING INC (note)	Cayman	5.21%	5.21%	5.21%	5.21%	Leasing and commercial services
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) (note)	PRC	18.00%	18.00%	18.00%	18.00%	Transportation, storage and postage
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	PRC	30.00%	30.00%	30.00%	30.00%	Real estate
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司) (note)	PRC	8.14%	8.14%	8.14%	8.14%	Wholesale and retail
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	PRC	30.00%	30.00%	30.00%	30.00%	Construction
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Science research and technology service

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES (continued)

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2025	2024	2025	2024	
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司) (note)	PRC	15.00%	15.00%	15.00%	15.00%	Manufacture
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	PRC	37.00%	37.00%	37.00%	37.00%	Wholesale and retail
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Science research and technology service
Shanghai Qiangshang Environmental Technology Company Limited (上海牆尚環保科技有限公司) (note)	PRC	14.49%	14.49%	14.49%	14.49%	Wholesale and retail
ICOLOR PRIVATE LIMITED (note)	Cayman	8.00%	8.00%	8.00%	8.00%	Construction
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司) (note)	PRC	9.48%	9.48%	9.48%	9.48%	Science research and technology service
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司) (note)	PRC	0.00%	12.17%	0.00%	12.17%	Manufacture
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家居科技有限公司) (note)	PRC	0.00%	10.00%	0.00%	10.00%	Science research and technology service
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司) (note)	PRC	14.29%	14.29%	14.29%	14.29%	Science research and technology service
ArtPollo Network Technology (Beijing) Company Limited (愛菠蘿網路科技(北京)有限公司) (note)	PRC	15.00%	15.00%	15.00%	15.00%	Technology promotion and application service
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司) (note)	PRC	6.00%	6.00%	6.00%	6.00%	Science research and technology service
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司) (note)	PRC	0.00%	4.90%	0.00%	4.90%	Construction
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司) (note)	PRC	0.00%	11.66%	0.00%	11.66%	Information transmission, software and information technology services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES (continued)

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2025	2024	2025	2024	
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司) (note)	PRC	10.00%	9.00%	10.00%	9.00%	Leasing and commercial service
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Wholesale and retail
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	PRC	0.00%	49.00%	0.00%	49.00%	Finance
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	PRC	30.00%	30.00%	30.00%	30.00%	Wholesale and retail
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司) (note)	PRC	8.29%	8.29%	8.29%	8.29%	Wholesale and retail
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	PRC	40.00%	40.00%	40.00%	40.00%	Wholesale and retail
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	PRC	0.00%	35.00%	0.00%	35.00%	Science research and technology service
Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營(廣州)有限公司)	PRC	0.00%	32.00%	0.00%	32.00%	Leasing and commercial service
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	PRC	20.00%	20.00%	20.00%	20.00%	Property management
Xi'an Jiahexing Home Furnishing Co. (西安佳和興家居有限責任公司) (note)	PRC	19.00%	19.00%	19.00%	19.00%	Wholesale and retail
Shanghai Lihao Environmental Protection Technology Co., Ltd. (上海麗浩環保科技有限公司) (note)	PRC	19.90%	19.90%	19.90%	19.90%	Construction
META (Shanghai) Building Technology Co., Ltd. (美宅(上海)建築科技有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Construction
Shanghai Kaishen Enterprise Management Co., Ltd. (上海凱坤企業管理有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Business service
Nanchang Xinshi Enterprise Management Co., Ltd. (南昌歆獅企業管理有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Business service

Note: The Group delegates directors to the investee and has significant influence over the investee.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates

Haier Financing

	2025 RMB'000	2024 RMB'000
Current assets	36,342,663	29,005,091
Non-current assets	416,027	342,966
Current liabilities	(30,902,537)	(24,970,945)
Non-current liabilities	(2,561,896)	(1,546,110)
Net assets	3,294,257	2,831,002

	2025 RMB'000	2024 RMB'000
Revenue	3,550,692	3,167,779
Profit and total comprehensive income for the year	463,255	445,233

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of the associates	3,294,257	2,831,002
Proportion of the Group's ownership interest in the associates	25%	25%
Carrying amount of the Group's interest in Haier Financing	823,564	707,751

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates (continued)

Shandong Inzone

	2025 RMB'000	2024 RMB'000
Current assets	200,845	235,438
Non-current assets	1,103,501	1,302,583
Current liabilities	(233,619)	(273,610)
Non-current liabilities	(562,745)	(661,738)
Net assets	507,982	602,673

	2025 RMB'000	2024 RMB'000
Revenue	234,356	292,703
Loss and total comprehensive loss for the year	(94,691)	(3,102)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of the associates	507,982	602,673
Proportion of the Group's ownership interest in the associates	46.5%	46.5%
Proportion of the Group's ownership interest	236,212	280,243
Goodwill	153,287	153,287
Carrying amount of the Group's interest in Shandong Inzone	389,499	433,530

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES (continued)

Aggregate information of associates that are not individually material:

	2025 RMB'000	2024 RMB'000
The Group's share of loss for the year	(151,551)	(73,026)
The Group's share of other comprehensive income for the year	–	4,407
The Group's share of total comprehensive loss for the year	(151,551)	(68,619)
Aggregate carrying amount of the Group's interests in these associates	370,986	1,193,369

The unrecognised share of loss of associates set out as follows:

	2025 RMB'000	2024 RMB'000
The unrecognised share of loss of associates for the year	(5,064)	(20,084)
Cumulative unrecognised share of loss of associates	(28,505)	(24,235)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. INTERESTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Cost of investments in unlisted joint ventures	448,692	463,692
Share of post-acquisition profits and other comprehensive income, net of dividends received	368,203	565,694
	816,895	1,029,386
Less: Provisional of impairment loss on interests in joint ventures	(34,829)	(34,829)
	782,066	994,557

During the year ended 31 December 2025, the Group disposed the following joint venture:

	Equity interest disposed	Consideration RMB'000	Carrying amount RMB'000	Gain on disposal RMB'000
Guangzhou Red Star Macalline World Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	50.00%	-	-	-

As at 31 December 2025 and 2024, the Group had interests in the following principal joint ventures:

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2025	2024	2025	2024	
Chengdu Dongtai Shopping Mall Company Limited ("Chengdu Dongtai") (成都東泰商城有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Site lease management
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司) (note a)	PRC	40.00%	40.00%	40.00%	40.00%	Wholesale and retail
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Leasing and commercial services
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) (note b)	PRC	48.00%	48.00%	48.00%	48.00%	Leasing and commercial services
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Leasing and commercial services
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) (note c)	PRC	60.00%	60.00%	60.00%	60.00%	Leasing and commercial services
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	PRC	0.00%	50.00%	0.00%	50.00%	Leasing and commercial services
Hangzhou Jianmei Scenario Technology Co., Ltd. (杭州建美場景科技有限公司)	PRC	31.00%	31.00%	31.00%	31.00%	Education and business services

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. INTERESTS IN JOINT VENTURES (continued)

Note a: The board of directors of Shanghai CTME Economy & Trade Development Co., Ltd. is composed of five people, of which the Group nominated two. The resolution of meetings of the board must be approved by at least two-thirds of the directors. The shareholders formed joint control, so it is a joint venture company.

Note b: The Group delegates directors to this entity, which could form joint control over it.

Note c: The daily operation and management of the company requires unanimous consent of both parties. Therefore, Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) is a joint venture.

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS Accounting Standards.

The material joint venture is accounted for using the equity method in the consolidated financial statements.

Chengdu Dongtai

	2025 RMB'000	2024 RMB'000
Current assets	546,005	513,520
Non-current assets	908,693	1,416,335
Current liabilities	(78,559)	(80,098)
Non-current liabilities	(198,867)	(321,182)
Net assets	1,177,272	1,528,575
Revenue	59,458	70,232
(Loss)/profit and total comprehensive (loss)/income for the year	(351,303)	28,935

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint venture (continued)

Chengdu Dongtai (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of the joint venture	1,177,272	1,528,575
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount to the Group's interest in Chengdu Dongtai	588,636	764,288

Aggregate information of joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000
The Group's share of loss and total comprehensive loss for the year	(36,840)	(43,179)
Aggregate carrying amount of the Group's interests in these joint ventures	193,430	230,269

The unrecognised share of loss of joint ventures set out as follows:

	2025 RMB'000	2024 RMB'000
The unrecognised share of loss of joint ventures for the year	–	(6,216)
Cumulative unrecognised share of loss of joint ventures	(11,233)	(33,892)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Fund	–	81,111
Non-listed equity instrument investments	93,400	160,879
Non-listed debt instruments	112	63,523
	93,512	305,513
Less: Current portion	(112)	(144,634)
Non-current portion	93,400	160,879

25. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity instrument investments listed in PRC	179,926	469,419
Equity instrument investments listed in US	43,059	102,519
Non-listed equity investments	285,799	658,954
	508,784	1,230,892

As the Group held the above investments not for the purpose of trading, thus the Group designated them as investments at FVTOCI.

The above listed equity instrument investments represent the initial public offer from the above non-listed equity investments. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The Group disposed the equity instrument at FVTOCI of approximately RMB404,170 thousand (2024: RMB355,871 thousand) as the investment no longer meets the investment objective of the Group and the accumulated gain totaling RMB110,120 thousand (2024: RMB140,478 thousand) was reclassified forward from other comprehensive income to retained earnings.

As at 31 December 2025, the Group's equity instrument at FVTOCI with fair value of approximately RMB32,603 (2024: RMB96,037 thousand) were used as pledge guarantees. Details, please refer to Notes 34 and 45.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. INVENTORIES

	2025 RMB'000	2024 RMB'000
Commodities in inventory	1,565	9,626
Low-value consumables	24,362	43,439
	25,927	53,065

27. LOAN RECEIVABLES

	2025 RMB'000	2024 RMB'000
Current	1,100,792	1,818,274
Non-current	216,940	243,921
	1,317,732	2,062,195
Entrusted loans and lending	2,656,326	2,884,555
Less: provision of expected credit loss	(1,338,594)	(822,360)
	1,317,732	2,062,195

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. LOAN RECEIVABLES (continued)

As at 31 December 2025, the material amount of loan receivables are as follow:

	Loan receivables amount RMB'000	Interest rate (%)	Expiry date
Zhejiang Mingdu Investment Co., Limited ("Mingdu") (浙江名都投資有限公司) (note a)	32,221	5.78	January/July 2026
Xian Jiahexing Home Furnishing Co., Ltd. ("Jiahexing") (西安佳和興家居有限責任公司) (note b)	41,310 573,084	5.78 11	Overdue Overdue
Anhui Longtan Real Estate Co., Ltd ("Anhui Longtan") (安徽龍檀置業有限公司) (note c)	235,653	12	Overdue
Ningbo Kai Chuang Real Estate Company Limited ("Kai Chuang") (寧波凱創置業有限公司) (note d)	285,429	12	Overdue

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. LOAN RECEIVABLES (continued)

As at 31 December 2024, the material amount of loan receivables are as follow:

	Loan receivables amount RMB'000	Interest rate (%)	Expiry date
Henan Zhongheng Construction Development Co., Ltd. ("Zhongheng") (河南中亨建設開發有限公司) (note e)	47,550	5.23	Overdue
Zhejiang Mingdu Investment Co., Limited ("Mingdu") (浙江名都投資有限公司) (note a)	103,275	5.78	January 2030
Xian Jiahexing Home Furnishing Co., Ltd. ("Jiahexing") (西安佳和興家居有限責任公司) (note b)	277,830 315,254	11	December 2025 Overdue
Anhui Longtan Real Estate Co., Ltd ("Anhui Longtan") (安徽龍檀置業有限公司) (note c)	235,653	12	Overdue
Tangshan Fikai Property Development Company Limited ("Fikai") (唐山斐凱房地產開發有限公司) (note f)	65,786	4.35	Overdue
Suzhou White Collar Home Plaza ("White Collar") (蘇州市白領家居廣場) (note g)	69,821	4.95	June 2030
Ningbo Kai Chuang Real Estate Company Limited ("Kai Chuang") (寧波凱創置業有限公司) (note d)	198,429 87,000	12	Overdue November/ December 2025

Note:

- (a) As of 31 December 2025 and 2024, the borrowing granted by the Group to Mingdu had an interest rate of 5.78% (2024: 5.78%) and principal amounting to approximately RMB73,531 thousand (2024: RMB103,275 thousand), of which overdue principal was RMB41,310 thousand (2024: Nil). The remaining principal will mature in January 2026 and July 2026. According to the repayment plan stipulated in the contract, approximately RMB58,965 thousand (2024: RMB61,965 thousand) was accounted as current assets (2024: non-current assets) as at the end of the year. As at 31 December 2025, expected credit loss of RMB735 thousand (2024: RMB1,170 thousand) had been made for this entrusted loan.
- (b) As of 31 December 2025 and 2024, the Company has provided a total of RMB573,084 thousand (2024: RMB593,084 thousand) in principal and interest for funds lent to Jiahexing. The loan was matured in December 2025. These loans originated from a lending agreement signed between the Company and Jiahexing in 2022. After evaluation by the Company's management, it has been determined that there is no significant impairment risk associated with these loans. As of 31 December 2025, the Company has recognized an impairment provision of RMB272,636 thousand (2024: RMB5,930 thousand) for the principal and interest of the funds lent to Jiahexing.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. LOAN RECEIVABLES (continued)

Note: (continued)

- (c) As of 31 December 2025 and 2024, the entrusted loan granted by the Group to Anhui Longtan of approximately RMB235,653 thousand (2024: RMB235,653 thousand) was overdue. This loan originated from a loan agreement signed between the Company and Anhui Longtan in 2022, which stipulated that the loan term should not exceed 12 months from the date of grant of the loan. The loan is secured by joint and several guarantees provided by Anhui Longtan's shareholders and their affiliated parties, as well as a pledge of 19% equity in Anhui Longtan held by Lingbi County Hongkai Trading Co., Ltd. Additionally, in December 2024, the Company obtained a mortgage on 103 properties under construction. Based on the management's assessment of the expected recoverable amount of this loan, as at 31 December 2025, expected credit loss of RMB194,127 thousand (2024: RMB193,653 thousand) had been made for this entrusted loan.
- (d) As of 31 December 2025 and 2024, the Company has provided a total of RMB285,429 thousand (2024: RMB285,429 thousand) in funds lent to Kai Chuang. Of this amount, RMB285,429 thousand (2024: RMB198,429 thousand) represents overdue principal. These loans originated from a lending agreement signed between the Company and Kai Chuang in 2021. After evaluation by the Company's management, it has been determined that there is no significant impairment risk associated with these loans. As of 31 December 2025, the Company has recognized an impairment provision of RMB33,670 thousand (2024: RMB2,854 thousand) for the funds lent to Kai Chuang.
- (e) As of 31 December 2024, the Group's entrusted loan of approximately RMB47,550 thousand to Zhongheng was overdue. The loan was repayable on 24 August 2020 and secured by the land of Zhongheng. The management believes that there is no specific impairment risk for this loan. As at 31 December 2024, expected credit loss of approximately RMB14,029 thousand had been made for this entrusted loan. This entrusted loan was fully repaid during 2025.
- (f) As of 31 December 2024, the Group's entrusted loan of approximately RMB65,786 thousand to Fikai was overdue. The loan was repayable on 31 December 2023. The management believes that there is no specific impairment risk for this loan. As at 31 December 2024 expected credit loss of RMB658 thousand had been made for this entrusted loan. This entrusted loan was fully repaid during 2025.
- (g) As of 31 December 2024, the borrowing granted by the Group to White Collar had an interest rate of 4.95% and principal amounting to approximately RMB69,821 thousand, with a term from November 2021 to June 2030. According to the repayment plan stipulated in the contract, approximately RMB69,821 thousand was accounted as non-current assets as at the end of the year. As at 31 December 2024, expected credit loss of RMB698 thousand had been made for this entrusted loan. This entrusted loan was fully repaid during 2025.

Details of impairment assessment of loan receivables for the years ended 31 December 2025 and 2024 are set out in Note 49 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. ACCOUNT RECEIVABLES/NOTE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Account receivables	1,980,193	2,150,467
Less: provision of expected credit loss	(1,530,845)	(1,565,263)
	449,348	585,204
Note receivables	278	14,126
	449,626	599,330

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:

	2025 RMB'000	2024 RMB'000
Within 1 year	415,138	479,448
1 to 2 years	150,151	292,672
2 to 3 years	248,301	207,154
Over 3 years	1,166,603	1,171,193
Less: provision of expected credit loss	(1,530,845)	(1,565,263)
	449,348	585,204

The Group has not granted any credit period to its customers. Before accepting any new customers, the Group uses past experience to assess the potential customers' credit quality and defines credit limits for the customers. Limits attributed to customers are reviewed regularly.

Details of impairment assessment of account receivables for the years ended 31 December 2025 and 2024 are set out in Note 49 to the consolidated financial statements.

At 31 December 2025 and 2024, all the notes are with a maturity period of less than one year. The Group considers the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as immaterial.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets

	2025 RMB'000	2024 RMB'000
Construction and design service	757,115	1,270,858
The brand consulting and management service for early stage of the project	651,029	659,063
	1,408,144	1,929,921
Less: provision of expected credit loss	(996,937)	(921,287)
	411,207	1,008,634

The Group provides construction and design services and the brand consulting and management service for the early stage of the project to customers, and recognises revenue within a period of time, to form contract assets. The contract asset formed an unconditional collection right at the time of settlement and was transferred to receivables.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to account receivables when the rights become unconditional. The Group's service contracts include payment schedules which require stage payments once certain specified milestones are reached.

Details of the impairment assessment are set out in Note 49.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

Contract liabilities

	2025 RMB'000	2024 RMB'000
Charges for the brand consulting and management service for the early stage of the project	490,724	581,170
Charges for annual brand consulting and management service for the project	84,782	85,766
Commercial consultation fees and tenant sourcing commissions	129,172	140,658
Construction and design service	59,672	108,463
Marketing service and others	152,277	247,477
	916,627	1,163,534
Current	575,123	749,289
Non-current	341,504	414,245
	916,627	1,163,534

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as non-current based on the Group's earliest obligation to transfer goods or services to the customers.

When the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2025 RMB'000	2024 RMB'000
Charges for annual brand consulting and management service for the project	23,101	57,983
Commercial consultation fees and tenant sourcing commissions	9,883	38,917
Construction and design service	31,927	128,695
Marketing service and others	81,897	353,127
	146,808	578,722

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Current portion:		
Prepayment	109,987	265,414
Deposits	90,054	64,496
Interest receivables	191	173
Dividends receivables	–	31,000
Tax prepaid (note a)	608,339	597,603
Others (note e)	619,789	933,850
	1,428,360	1,892,536
Less: provision of expected credit loss/impairment loss	(200,606)	(335,374)
Total current portion	1,227,754	1,557,162
Non-current portion:		
Deposit	116,505	115,305
Lease deposit	33,993	65,490
Prepayments for purchase of properties (note d)	118,596	111,151
Prepayments for acquisition of equity interests	177,153	133,419
Receivable for prepayment refund	146,008	177,186
Others	82,151	118,871
	674,406	721,422
Less: provision of expected credit loss/impairment loss	(289,493)	(210,509)
	384,913	510,913
Prepayments for construction and advance payment for land compensation	1,438,073	1,447,461
Earning right related to land consolidation (note c)	1,835,868	1,835,868
	3,273,941	3,283,329
Less: impairment losses (note b)	(2,826,393)	(952,968)
	447,548	2,330,361
Total non-current portion	832,461	2,841,274

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES (continued)

Note:

- (a) The Group's tax prepaid is mainly VAT to be deducted, which is expected to be deductible within the next year.
- (b) The management of the Group concluded there was indication of impairment and conducted impairment assessment on recoverable amounts of certain prepayment for construction and advance payment and earning right related to land consolidation with carrying amounts (before impairment) of RMB1,438,073 thousand (2024: RMB1,447,461 thousand) and RMB1,835,868 thousand (2024: RMB1,835,868 thousand), respectively. For the year ended 31 December 2025, the Group estimates the recoverable amounts of the individual assets based on the higher of fair value less costs of disposal and value in use. Based on the result of assessments, a provision for impairment of RMB990,526 thousand (2024: RMB238,489 thousand) and RMB1,835,867 thousand (2024: RMB714,479 thousand) has been recognised against the carrying amounts of certain prepayment for construction and advance payment and earning right related to land consolidation respectively.
- (c) In August 2018, the Group acquired 70% equity interest in Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司) at a consideration of RMB1 billion, and acquired an earning right (the "Earning Right") thereof related to land consolidation simultaneously.

As the project became fully suspended due to unfulfilled government planning and policy uncertainty, location-specific advantages diminished, local market demand growth weakened, the Group no longer plans to make further investments in primary land development services. Management's revised strategy is now limited to assisting the government in completing the consolidation and transfer of the 2,360 mu of land already acquired, with the sole aim of recovering part of the project costs. Based on the independent valuer, the Group reassessed the recoverable amount of the Earning Right using income approach, resulting in an additional impairment of RMB1,873,425,000 (note 8) during the year ended 31 December 2025.

- (d) As of 31 December 2025 and 2024, prepayments for purchasing properties were mainly prepayments paid by the Group for the purchase of several commercial properties and office buildings.
- (e) As at 31 December 2025, others included sale proceed collected and paid on behalf of the tenants of approximately RMB88,381 thousand (2024: RMB180,370 thousand).

Details of impairment assessment of deposit and other receivables for the years ended 31 December 2025 and 2024 are set out in Note 49 to the consolidated financial statements.

31. RESTRICTED BANK DEPOSITS

	2025 RMB'000	2024 RMB'000
Deposits pledged for banking facilities	23,949	304,969
Other restricted bank deposits	388,981	335,701
	412,930	640,670

As at 31 December 2025, restricted bank deposits of approximately RMB330,650 thousand (2024: RMB247,240 thousand) was frozen due to litigation, etc. In the opinion of the directors of the Company, such litigations will not have a material adverse effect on the Groups, financial position or cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. BANK BALANCES AND CASH

	2025 RMB'000	2024 RMB'000
Cash	3,802	5,931
Bank deposits with original maturity within three months or less	2,784,764	3,105,902
Cash and cash equivalents	2,788,566	3,111,833
Bank deposits with original maturity over three months and within one year	19,894	42,153
Bank balances and cash	2,808,460	3,153,986

Bank balances and cash of the Group comprise cash and short-term bank deposits. The bank balances with original maturity within three months or less carry interest at market rates which is 0.1% per annum as at 31 December 2025 (2024: 0.1% per annum).

Bank deposits with original maturity over three months carry fixed interest rates range from 1.1% to 2.8% per annum as at 31 December 2025 (2024: 1.0% to 2.8% per annum).

Bank balances and cash as at 31 December 2025 and 2024 were mainly denominated in RMB which is not a freely convertible currency in the international market. At the end of the reporting period, the bank balances and cash of the Group not denominated in Renminbi amounted to RMB6,383 thousand (2024: RMB4,842 thousand). The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables (note a)	962,350	1,402,974
Bills payables (note b)	–	309,173
Advance from tenants	280,791	535,756
Deposit received from tenants	2,392,669	2,765,296
Amounts due to Xiamen C&D (note c)	9,949,476	8,677,442
Amounts due to partners (note d)	2,432,237	2,425,886
Amounts payable for property purchases	138,723	218,027
Amounts payable to construction contractors	250,835	275,053
Payroll payable	351,382	471,198
Other tax payable	369,737	401,167
Others (note e)	1,123,945	1,782,767
	18,252,145	19,264,739
Less: Current portion	(17,811,179)	(18,791,802)
Non-current portion	440,966	472,937

Note:

- (a) An aging analysis of the trade payables based on invoice date as at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	409,207	437,320
1 to 2 years	129,997	492,452
2 to 3 years	213,529	236,228
Over 3 years	209,617	236,974
	962,350	1,402,974

- (b) These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.
- (c) Amounts due to Xiamen C&D included dividend payables of RMB83,437 thousand, loan of RMB9,500,000 thousand and interest payables of RMB363,851 thousand. The loan is interest bearing at 3% to 4% and is repayable within 3 months from the drawdown date.
- (d) Amounts due to partners included the borrowings provided by the non-controlling shareholders of certain subsidiaries of the Group, and shall be repaid by agreements after the completion of relevant cooperation projects and existing surplus or be repaid on demands after one year. Therefore, such amounts of approximately RMB440,966 thousand (2024:RMB472,937 thousand) shall be recognised as non-current portion payables.
- (e) Others mainly represent the interest payables and accrued expense of approximately RMB65,502 thousand and RMB460,660 thousand respectively (2024: RMB82,958 thousand and RMB386,483 thousand respectively).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. BANK AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank and other borrowings:		
Secured (note a)	23,737,426	23,594,412
Unsecured (note a)	10,012	67,185
Commercial mortgage-backed securities (note b)	7,645,069	3,601,956
	31,392,507	27,263,553
Less: Current portion	(9,676,448)	(6,016,153)
Non-current portion	21,716,059	21,247,400
Fixed-rate borrowings	14,435,932	13,680,480
Floating-rate borrowings	16,956,575	13,583,073
	31,392,507	27,263,553
The borrowings are repayable:		
Within one year or on demand	9,676,448	6,016,153
More than one year but not exceeding two years	5,234,551	6,705,318
More than two years but not exceeding five years	11,986,536	9,181,876
More than five years	4,494,972	5,360,206
	31,392,507	27,263,553
Less: Amount due within one year shown under current liabilities	(9,676,448)	(6,016,153)
Amount due after one year	21,716,059	21,247,400

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. BANK AND OTHER BORROWINGS (continued)

Note:

- (a) As at 31 December 2025 and 2024, no single borrowing is individually material, and terms and conditions of all borrowings are presented by appropriate groupings.
- (b) On 25 January 2024, the Company issued an asset-backed security for home furnishing malls, titled the "Red Star Macalline Shanghai Global Home Furnishing Store No. 1 South Pavilion Asset-Backed Special Plan". This special plan is secured by the property rights of the home furnishing mall located at 1058 and 1108 Zhenbei Road, 558, 558-2, 558-3, and 598 Nujiang Road, as well as the land use rights within the occupied area. The special plan consists of priority and subordinated tranches. The priority tranche has an issuance size of RMB3.64 billion, with an annual yield of 4.2% and a maturity period of 17.85 years. Principal and interest are repaid quarterly on a fixed schedule. The subordinated tranche has an issuance size of RMB1 million, with no fixed yield. It is entitled to excess returns and has a maturity period of 17.85 years, with a lump-sum repayment of principal at maturity. Of which, the total principal repayment scheduled within one year amounting to RMB 3.539 billion has been reclassified to current liabilities.

On October 29, 2025, the Company issued the home furnishing mall asset-backed securities titled the "CITIC Jiantou – Jianmei – Southwest Global Home Furnishing Store No. 1 and Tianjin Binhai Mall Asset-Backed Special Plan". This asset-backed special plan is secured by the property rights and the land use rights within the occupied area of the Tianjin Binhai Mall located at 2857 Yunshan Road, Tanggu, Tianjin Binhai New Area, and the Southwest Global Home Furnishings Store 1 located at 888 Xin'an Road, Tiangongdian Street, Yubei District, Chongqing (Jinke Xingcheng). The special plan includes priority and subordinated tranches. The priority tranche has an issuance size of RMB1.657 billion, an annual yield of 3.8%, a term of 14.95 years, with fixed quarterly repayment of principal and interest. The subordinated tranche has an issuance size of RMB1 million with no fixed yield. It is entitled to excess returns and has a term of 14.95 years, with principal repaid in full at maturity. Among these, the total principal repayment scheduled within one year amounting to RMB48,053 thousand has been reclassified to current liabilities.

On May 16, 2025, the company issued the "Guotou Investment – Tuozun Asset-Backed Plan". This asset-backed plan uses the Beijing Supreme MALL property asset held by Beijing Red Star Macalline World Home Furnishings Square Co., Ltd. and the Yantai Red Star Macalline Building Materials Living Mall held by Yantai Red Star Macalline Home Furnishings Co., Ltd. as the underlying assets. The asset-backed plan includes priority and subordinated tranches. The priority tranche has an issuance size of RMB2.682 billion, an annual yield of 4.35%, a term of 18 years, with interest paid quarterly and principal repaid according to the agreed terms. The subordinated tranche has an issuance size of RMB68 million, no fixed yield, a term of 18 years, with principal repaid in full at maturity.

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

	2025 %	2024 %
Bank and other borrowings:		
Fixed rate bank and other borrowings	3.00-7.00	3.10-10.00
Floating rate bank and other borrowings	3.10-6.35	3.55-6.80

The floating interest rate is based on the loan market quoted interest rate published by the People's Bank of China.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. BONDS

	2025 RMB'000	2024 RMB'000
<i>USD Bonds:</i>		
USD Bonds of 2022 (3-year)	–	1,820,574
	–	1,820,574
Less: – Principal amount of bonds due within one year	–	(1,790,841)
– Interest of bonds due within one year	–	(29,733)
Non-current portion of bonds	–	–

Note:

- (a) During the year ended 31 December 2022, the Group issued USD-denominated bonds totaling USD249.7 million with fixed interest rate, at a coupon rate of 5.20%. The bond is matured in 3 years and interest shall be paid semi-annually. The bond is pledged by certain properties, future income from certain shopping malls and equity shares of some subsidiaries. The bond mentioned above has matured and been repaid in August 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. BONDS (continued)

The movements of the Bonds are set out below:

	2025 RMB'000	2024 RMB'000
As at 1 January	1,820,574	1,786,370
Redemption of USD Bonds of 2022 (3-year)	(1,795,537)	–
Interests and issue cost amortised	62,569	100,324
Interest paid during the year	(92,234)	(92,513)
Exchange difference	4,628	26,393
As at 31 December	–	1,820,574

36. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	555,163	601,377
Within a period of more than one year but not exceeding two years	156,422	216,924
Within a period of more than two years but not exceeding five years	428,685	436,788
More than five years	1,029,570	970,571
	2,169,840	2,225,660
Less: Amount due for settlement with 12 months shown under current liabilities	(555,163)	(601,377)
Amount due for settlement after 12 months shown under non-current liabilities	1,614,677	1,624,283

The weighted average incremental borrowing rates applied to lease liabilities range from 3.45% to 4.9% (2024: from 4.2% to 6.24%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grant	154,688	160,612

The movement of deferred income was as follow:

	2025 RMB'000	2024 RMB'000
As at 1 January	160,612	210,046
Received during the year	–	633
Credit to profit or loss	(5,924)	(50,067)
As at 31 December	154,688	160,612

38. OTHER NON-CURRENT LIABILITIES

	2025 RMB'000	2024 RMB'000
One-off discount received on pre-purchase of property service for 20 years (note)	705,693	778,600
Less: Current portion	(72,541)	(72,908)
	633,152	705,692

note:

The Group entered into the agreement with CIFI Ever Sunshine (Hainan) Investment Company Limited (旭輝永升(海南)投資有限公司) (hereinafter referred to as "CIFI Ever Sunshine") in 2022 to agree that the property services of the Group's 71 Portfolio Shopping Malls in the next 20 years will be provided by Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司), a subsidiary of CIFI Ever Sunshine, and a discount will be charged. The discount shall be apportioned during the subsequent period of receiving property services to offset the cost of property services. As of 31 December 2025, the unamortised balance totaled RMB705,693 thousand (2024: RMB778,600 thousand), of which RMB72,541 thousand (2024: RMB72,908 thousand) will be amortised in the next financial year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets

	Provision for impairment of assets RMB'000	Tax losses RMB'000	Assets- related deferred income RMB'000	One-off discount account charged for early purchase of 20-year property service RMB'000	Long-term assets capitalised in Group's internal transaction RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	1,269,247	1,239,510	41,531	212,969	74,130	413,150	3,250,537
(Charged)/credit to profit or loss	162,583	409,709	(1,378)	(18,319)	6,012	193,694	752,301
Charged to other comprehensive income	–	(4,295)	–	–	–	–	(4,295)
As at 31 December 2024 and 1 January 2025	1,431,830	1,644,924	40,153	194,650	80,142	606,844	3,998,543
(Charged)/credit to profit or loss	(228,595)	(1,063,232)	(1,481)	(18,227)	1,357	(183,259)	(1,493,437)
Acquisition of subsidiaries	–	–	–	–	–	2,791	2,791
Disposal of subsidiaries	–	–	–	–	–	(11,927)	(11,927)
Transfer from deferred tax liabilities	–	–	–	–	–	54,296	54,296
As at 31 December 2025	1,203,235	581,692	38,672	176,423	81,499	468,745	2,550,266

Deferred tax liabilities

	Change in fair value of investment properties RMB'000	Change in fair value of other equity instrument RMB'000	Adjustment to the fair value arising from business combination RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	13,203,492	165,693	473,920	299,392	14,142,497
Credit to profit or loss	(23,800)	–	–	(154,758)	(178,558)
Credit to other comprehensive income	–	(46,495)	–	–	(46,495)
Transfer to tax payables upon disposal of investments	–	(53,532)	–	–	(53,532)
As at 31 December 2024 and 1 January 2025	13,179,692	65,666	473,920	144,634	13,863,912
Credit to profit or loss	(3,900,025)	–	(338,984)	(115,562)	(4,354,571)
Transfer to deferred tax assets	–	54,296	–	–	54,296
Credit to other comprehensive income	–	(73,025)	–	–	(73,025)
Transfer to tax payables upon disposal of investments	–	(46,937)	–	–	(35,010)
As at 31 December 2025	9,279,667	–	134,936	29,072	9,443,675

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39 DEFERRED TAX ASSETS/LIABILITIES (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	2,534,914	3,909,149
Deferred tax liabilities	(9,428,323)	(13,774,518)
	(6,893,409)	(9,865,369)

No deferred taxation asset has been recognised in respect of the following unutilised tax losses and deductible temporary differences due to the unpredictability of future profit streams.

	2025 RMB'000	2024 RMB'000
Unutilised tax losses	11,764,342	7,599,631
Deductible temporary difference	8,302,801	–
	20,067,143	7,599,631

At the end of the reporting period, the Group has unused tax losses of approximately RMB14,106,251 thousand (2024: RMB14,266,946 thousand) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB2,341,909 thousand (2024: RMB6,667,315 thousand) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB11,764,342 thousand (2024: RMB7,599,631 thousand) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB11,764,342 thousand (2024: RMB7,599,631 thousand) with expiry dates as disclosed in the following table.

	2025 RMB'000	2024 RMB'000
To be expired on:		
31 December 2025	–	1,248,939
31 December 2026	1,855,012	1,141,354
31 December 2027	1,878,586	1,660,605
31 December 2028	2,256,212	1,468,336
31 December 2029	2,510,947	2,080,397
31 December 2030	3,263,585	–
	11,764,342	7,599,631

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. SHARE CAPITAL

The movements to the Company's issued share capital during the years ended 31 December 2025 and 2024 are as follows:

	Number of shares H Shares '000	Number of shares A Shares '000	Share capital RMB'000
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	741,286	3,613,447	4,354,733

All shares issued are of par value RMB1.

41. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of Establishment and principal place of business	Proportion of equity interest held by non-controlling interest Year end December 31		(Loss)/profit allocated to non-controlling interest Year ended December 31		Accumulated non-controlling interest Year ended December 31	
		2025 %	2024 %	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Zhengzhou Red Star Macalline International Home Furnishing Company Limited ("Zhengzhou Red Star") (鄭州紅星美凱龍國 際家居有限公司) ("鄭州紅星")	PRC	39.69%	39.69%	(371,819)	13,631	687,794	1,150,303

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. NON-CONTROLLING INTERESTS (continued)

Zhengzhou Red Star

	2025 RMB'000	2024 RMB'000
Current assets	520,168	673,523
Non-current assets	2,681,394	3,953,661
Current liabilities	201,231	97,205
Non-current liabilities	1,029,463	1,446,253
Equity attributable to owners of the Company	1,283,074	1,933,423
Non-controlling interests	687,794	1,150,303
	2025 RMB'000	2024 RMB'000
Revenue	186,661	198,833
Expenses	(1,123,469)	(164,490)
(Loss)/profit and total comprehensive (loss)/income	(936,808)	34,343
(Loss)/profit and total comprehensive (loss)/income attributable to owners of the Company	(564,989)	20,712
(Loss)/profit and total comprehensive (loss)/income attributable to the non-controlling interests	(371,819)	13,631
	(936,808)	34,343
Dividends paid to non-controlling interests	90,690	16,450
Net cash inflow from operating activities	41,665	96,100
Net cash outflow from investing activities	(3,502)	(482)
Net cash outflow from financing activities	(76,490)	(25,846)
Net cash inflow	(38,327)	69,772

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the group entities in the PRC are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The group entities in the PRC contribute funds which are calculated on a certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. The total cost charged to profit or loss for the years ended 31 December 2025 amounted to RMB152,624 thousand (2024: RMB188,343 thousand) represent contributions paid or payable to the scheme by the Group.

43. 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% equity 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.

The Group elected to apply the optional concentration test in accordance with IFRS 3 “Business Combinations” and concluded that:

- (a) The investment properties, together with the in-place leases, are considered a single identifiable asset; and
- (b) The investment properties are a group of similar identifiable assets because the assets are similar in nature and risks associated with managing and creating outputs are not significantly different.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents and deferred tax assets) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. ACQUISITION OF SUBSIDIARIES (continued)

(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 (continued)

Assets and liabilities recognised at the date of acquisition

	RMB'000
Investment properties	2,241,199
Property, plant and equipment	2,141
Deferred tax assets	2,791
Deposit, prepayments and other receivables	29,897
Inventories	1,236
Account receivables	4,685
Bank balances and cash	20,363
Trade and other payables	(1,314,776)
Rental and service fee received in advance	(6,856)
Tax liabilities	(680)
	980,000

Net cash outflows arising on acquisition of Red Star Yantai

	RMB'000
Consideration paid in cash	980,000
Less: cash and cash equivalents acquired	(20,354)
	959,646

(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. (保定斐璿環保科技有限公司), 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”) which hold investment properties in the PRC. Prior to this transaction, the Group held 45.38% equity interest in the Tangshan Fengnan Property Project which was classified as a financial instrument at fair value through profit or loss with a fair value of RMB4,592 thousand. Upon completion of the exchange in May 2025, the Group’s equity stake in the Tangshan Fengnan Property Project Companies increased to 100%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. ACQUISITION OF SUBSIDIARIES (continued)

(2) Tangshan Fengnan Property Project (continued)

The Group elected to apply the optional concentration test in accordance with IFRS 3 “Business Combinations” and concluded that:

- (a) The investment properties, together with the in-place leases, are considered a single identifiable asset; and
- (b) The investment properties are a group of similar identifiable assets because the assets are similar in nature and risks associated with managing and creating outputs are not significantly different.

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents) acquired is concentrated in a group of similar identifiable assets and concluded that the acquired set of activities and assets is not a business.

Assets and liabilities recognised at the date of acquisition

	RMB'000
Investment properties	123,473
Property, plant and equipment	197
Deposit, prepayments and other receivables	1,936
Account receivables	624
Bank balances and cash	871
Trade and other payables	(92,012)
Rental and service fee received in advance	(497)
	34,592

Net cash inflows arising on acquisition of Tangshan Fengnan Property Project

Cash and cash equivalents acquired	871

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

44. DISPOSAL AND DEREGISTRATION OF SUBSIDIARIES

(a) Disposal of a subsidiary ("Subsidiary A")

During the year ended 31 December 2025, the Group disposed 67.9% equity interest of Subsidiary A and its subsidiaries at no consideration.

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	360
Interests in associates	600
Deferred tax assets	11,660
Deposits, prepayment and other receivables	435,232
Contract assets	75,371
Trade and other payables	(493,788)
Contract liabilities	(73,034)
Tax payables	(135)
Other current liabilities	(25,892)
Net liabilities disposed of	(69,626)
Loss on disposal of a subsidiary:	
Consideration received and receivable	–
Net liabilities disposed of	69,626
Non-controlling interests	(157,138)
Loss on disposal	(87,512)

No cash inflow/outflow arose on the disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

44. DISPOSAL AND DEREGISTRATION OF SUBSIDIARIES (continued)

(b) The Group deregistered 13 subsidiaries during the year ended 31 December 2025.

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	89
Deferred tax assets	267
Inventories	17
Account receivables	22,401
Deposits, prepayment and other receivables	20,885
Trade and other payables	(159,825)
Contract liabilities	(24,401)
Other current liabilities	(638)
Net liabilities disposed of	(141,205)
Gain on deregistration:	
Net liabilities disposed of	141,205
Non-controlling interests	(65,982)
Gain on deregistration	75,223

No cash inflow/outflow arose on the disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

45. PLEDGED OF ASSETS AND REVENUE

Pledge of assets

The following assets were pledged/restricted to secure certain bank and other borrowings and bonds at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Investment properties	61,520,800	80,746,200
Equity instrument at FVTOCI	32,603	96,037
Property, plant and equipment	1,742,087	2,409,393
Interests in joint ventures	145,190	161,603
Restricted bank deposits	412,930	640,670
	63,853,610	84,053,903

Pledge of revenue

The revenue of operations from Harbin West Railway Station Shopping Mall, Jinshan Hangzhou Bay Shopping Mall, Nanjing Mingdu Shopping Mall, Nanjing Pukou Shopping Mall, Ningbo Red Star Macalline Shopping Mall, Chongqing Ogloria Shopping Mall, Shanghai Jinqiao Shopping Mall, Shanghai Pujiang Shopping Mall, Shanghai Wuzhong Road Shopping Mall, Shanghai Zhenbei Shopping Mall, Tianjin Hedong Shopping Mall, Zhengzhou Red Star Shopping Mall No. 1, Zhongshan World Expo Shopping Mall, Jinan Red Star Shopping Mall, Beijing West Fourth Ring Shopping Mall, Wuhan World Expo Shopping Mall, Hangzhou Gudun Shopping Mall, Shanghai Baoshan Shopping Mall, Nanchang Xihu Shopping Mall, Wuhan Hanyang Shopping Mall, Hefei SiLiHe Shopping Mall, Tianjin Hongqiao Shopping Mall, Tianjin Hexi Shopping Mall and Xiamen Red Star Commercial Management during relevant loan periods was used for loan pledge. The revenue of operations from Xinwei Property Shopping Mall, Beijing East Fourth Ring Mall, Yantai Red Star Mall, Tianjin Binhai Mall and Chongqing Jiangbei Mall during relevant periods was used for asset-backed securities (CMBS) pledge. The revenue of operations from Hohhot Shopping Mall during the loan-related periods was used for financial leasing borrowing pledge.

46. COMMITMENTS

	2025 RMB'000	2024 RMB'000
Contracted but not provided for in the consolidated financial statements:		
Capital expenditure in respect of acquisition and construction of investment properties	714,280	724,752
Investment commitments	69,225	233,115
	783,505	957,867

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the investment properties held by the Group for rental purposes have committed lessees for the next 15 years. For those lease contracts with extension options, all of them contain market review clauses in the event that the lessee exercises its option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

Undiscounted lease payments receivable on leases are as follows:

	2025 RMB'000	2024 RMB'000
With one year	2,174,141	2,351,357
After one year but within two years	213,611	222,396
After two years but with three years	56,529	91,379
After two years but with four years	21,971	26,958
After two years but with five years	14,806	14,165
After five years	33,538	43,522
Total	2,514,596	2,749,777

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48. CAPITAL RISK MANAGEMENT

The key objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not constrained by any external mandatory requirements on capital. In 2025 and 2024, there was no change in the Group's capital management objectives, policies or procedures.

The Group manages its capital with the gearing ratio, which refers to net liabilities divided by the equity and net liabilities. Net liabilities include bank and other borrowings, bills payables, bonds payable, lease liabilities and other liabilities (net of cash and cash equivalents), and the equity of the Group. The gearing ratio of the Group as of the balance sheet date is as follows:

	2025 RMB'000	2024 RMB'000
Bank and other borrowings	31,392,507	27,263,553
Bills payables	–	309,173
Lease liabilities	2,169,840	2,225,660
Bonds	–	1,790,841
Others liabilities	771,194	861,558
	34,333,541	32,450,785
Less: cash and cash equivalents	(2,788,566)	(3,111,833)
Net liabilities	31,544,975	29,338,952
Equity	25,299,882	51,304,551
Capital and net liabilities	56,844,857	80,643,503
Gearing ratio	55%	36%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS

Categories of Financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial instruments at FVTPL	93,512	305,513
Financial instrument at FVTOCI	508,784	1,230,892
Note receivables at FVTOCI	2	11,765
Measured at amortised cost:		
Bank balance and cash	2,808,460	3,153,986
Restricted bank deposits	412,930	640,670
Account receivables	449,348	585,204
Note receivables	276	2,361
Deposits and other receivables	598,593	1,205,055
Loan receivables	1,317,732	2,062,195
	6,189,637	9,197,641
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	17,882,408	18,863,571
Bank and other borrowings	31,392,507	27,263,553
Bonds	–	1,790,841
Lease liabilities	2,169,840	2,225,660
Other non-current liabilities and other current liabilities	705,693	778,600
	52,150,448	50,922,225

Financial Risk Management Objectives and Policies

The Group's major financial instruments include financial instruments at FVTPL, financial instruments at FVTOCI, bank balance and cash, restricted bank deposits, account receivables, note receivables, deposits and other receivables, loan receivables, trade payables, other payables, bank and other borrowings, lease liabilities, bonds, other current liabilities, and other non-current liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

49. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to debt instruments and bank deposits, restricted bank deposits, account receivables, note receivables, contract assets, deposits and other receivables, loan receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The maximum credit risk exposure faced by the Group on each balance sheet date is the total amount collected from customers minus the impairment allowance.

As the customers whose accounts are receivable by the Group are engaged in different departments and sectors, there is no significant credit concentration risk for the Group. The Group held no collateral or other credit enhancement on the balance of accounts receivable.

Criteria for judging significant increases in credit risk

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition at each balance sheet date. While determining whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the default risk of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- Quantitative criteria mainly comprise the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;
- Qualitative criteria mainly comprise significant adverse change in debtor's operation or financial status, and being listed on the watch-list etc.;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Criteria for judging significant increases in credit risk (continued)

Definition of credit-impaired assets

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- significant financial difficulty of the issuer or the debtor;
- the debtor breached the contract, such as default or overdue payment of interest or principal;
- the creditor, for economic or contractual reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulty of the issuer or the debtor;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily caused by a single event.

Parameters of expected credit loss (ECL) measurement

According to whether there is a significant increase in credit risk and whether there is a credit impairment, the Group measures the impairment losses for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relevant definitions are as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the mobility model, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Criteria for judging significant increases in credit risk (continued)

Parameters of expected credit loss (ECL) measurement (continued)

- EAD is the amount that the Group should be reimbursed at the time of default in the next 12 months or throughout the entire remaining lifetime.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various types of businesses.

Account receivables and contract assets arising from contracts with customers

The Group only conducts transactions with accredited and reputable third parties. According to the Group's policies, all the customers who require credit-based transactions are subject to credit audit. Moreover, the Group keeps monitoring the balances of accounts receivable to ensure it will not face material bad debt risks. The Group only accepts notes issued or guaranteed by reputable PRC banks if account receivables are settled by notes and therefore the management of the Group considers the credit risk arising from the endorsed or discounted notes is insignificant. Regarding transactions not settled in the recording currency of the relevant operating entities, the Group will not provide any credit transaction conditions, save as otherwise approved by the credit control department of the Group.

The Group has concentration of credit risk as 5% (2024: 3%) and 17% (2024: 10%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively and 13% (2024: 10%) and 30% (2024: 28%) of the total contract assets was due from the Group's largest customer and the five largest customers, respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on account receivables and contract assets with credit-impaired individually. Except for items that are subject to individual evaluation, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all account receivables and contract assets. To measure the expected credit losses, account receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. Management makes periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

Loan receivables

The management estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as based on historical settlement records, past experience, the fair value of the collateral pledged, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Based on assessment by the management, the loss rate is 50.39% (2024: 28.51%) and provision of expected credit loss on loan receivables during the year ended 31 December 2025 was approximately RMB1,338,594 thousand (2024: RMB822,360 thousand).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Criteria for judging significant increases in credit risk (continued)

Restricted bank deposits and bank deposits

Credit risk on restricted bank deposits and bank deposits is limited because the counterparties are reputable banks with high credit. The Group assessed 12m ECL for restricted bank deposits and bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits and bank deposits is considered to be insignificant and therefore no loss allowance was recognised/to specify the amount of impairment made.

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Based on assessment by the management, the loss rate is 45.02% (2024: 31.18%) and provision of expected credit loss on other receivables and deposits during the year ended 31 December 2025 was approximately RMB158,065 thousand (2024: RMB91,105 thousand).

Provision matrix – debtors' ageing on account receivables and contract assets

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers in relation to its portfolio because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for account receivables and contract assets which are assessed on a collective basis by using a provision matrix within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of RMB1,237,075 thousand as at 31 December 2025 (2024: RMB803,128 thousand) were assessed individually.

	Gross amount		Provision of ECL	
	RMB'000	%	RMB'000	%
As at 31 December 2025				
Accounts receivable for which provision for ECL is assessed individually	1,237,075	62.47	1,171,823	94.73
Accounts receivables for which provision for ECL is assessed by portfolio of credit risk characteristics	743,118	37.53	359,022	48.31
As at 31 December 2024				
Accounts receivable for which provision for ECL is assessed individually	803,128	37.35	802,662	99.94
Accounts receivables for which provision for ECL is assessed by portfolio of credit risk characteristics	1,347,339	62.65	762,601	56.60

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Criteria for judging significant increases in credit risk (continued)

Provision matrix – debtors' ageing on account receivables and contract assets (continued)

Portfolio 1: Brand consulting and management services for the early stage of project:

	Gross amount RMB'000	Expected credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2024			
Within 1 year	11,500	30.83	3,545
1 to 2 years	20,900	46.19	9,654
2 to 3 years	4,000	57.38	2,295
3 to 4 years	16,267	63.12	10,268
4 to 5 years	68,642	78.69	54,016
5 to 6 years	56,824	90.50	51,427
Over 6 years	210,523	100.00	210,521
	388,656	87.92	341,726

Portfolio 2: Construction and design services

	Gross amount RMB'000	Expected credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2025			
Within 1 year	112,960	12.00	13,555
1 to 2 years	35,857	35.37	12,683
2 to 3 years	32,173	61.52	19,792
Over 3 years	117,527	100.00	117,527
	298,517	54.79	163,557

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Criteria for judging significant increases in credit risk (continued)

Provision matrix – debtors' ageing on account receivables and contract assets (continued)

Portfolio 2: Construction and design services (continued)

	Gross amount RMB'000	Expected credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2024			
Within 1 year	111,795	11.86	13,259
1 to 2 years	54,104	34.59	18,714
2 to 3 years	64,144	61.13	39,211
Over 3 years	159,769	100.00	159,769
	389,812	59.25	230,953

Portfolio 3: Other consulting services

	Gross amount RMB'000	Expected credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2025			
Within 1 year	54,114	43.43	23,502
1 to 2 years	42,151	63.02	26,564
2 to 3 years	38,601	87.32	33,706
Over 3 years	44,741	100.00	44,741
	179,607	71.55	128,513

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Criteria for judging significant increases in credit risk (continued)

Provision matrix – debtors' ageing on account receivables and contract assets (continued)

Portfolio 3: Other consulting services (continued)

	Gross amount RMB'000	Expected credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2024			
Within 1 year	83,502	41.97	35,046
1 to 2 years	58,935	58.39	34,412
2 to 3 years	25,370	84.76	21,504
Over 3 years	51,287	100.00	51,287
	219,094	64.93	142,249

Portfolio 4: Rental and related income

	Gross amount RMB'000	Expected credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2025			
Rental and related income	186,479	34.01	63,418
As at 31 December 2024			
Rental and related income	248,334	17.36	43,109

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Criteria for judging significant increases in credit risk (continued)

Provision matrix – debtors' ageing on account receivables and contract assets (continued)

Portfolio 5: Others

	Gross amount RMB'000	Expected credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2025			
Others	78,515	4.50	3,533
As at 31 December 2024			
Others	101,443	4.50	4,565

As at 31 December 2025, certain trade receivables with a gross amount of RMB1,135,349 thousand (2024: RMB1,257,214 thousand) have been fully impaired as they are not expected to be recoverable.

Contract assets

	Gross amount RMB'000	Expected credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2025			
Construction and design	757,115	45.69	345,908
The brand consulting and management service for the early stage of the project	651,029	100.00	651,029
	1,408,144	70.80	996,937
As at 31 December 2024			
Construction and design	1,270,858	34.14	433,881
The brand consulting and management service for the early stage of the project	659,063	73.95	487,406
	1,929,921	47.74	921,287

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment

Internal credit risk grading categories

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Account receivables	Loan receivables	Deposit and other receivables
Stage 1	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL– not credit-impaired	12-month ECL	12-month ECL
Stage 2	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Lifetime ECL not credit impaired
Stage 3	There is evidence indicating the asset is credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired
Written-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off	Amount is written-off

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025 and 2024:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000	Allowance ECL RMB'000	Loss rate %
As at 31 December 2025							
Account receivables	–	–	1,237,075	743,118	1,980,193	1,530,845	77.31
Contract assets	–	–	–	1,408,144	1,408,144	996,937	70.80
Note receivables	276	–	–	–	276	–	–
Loan receivables	183,146	135,726	2,337,454	–	2,656,326	1,338,594	50.39
Deposit and other receivables	721,891	–	366,801	–	1,088,692	490,099	45.02
Restricted bank deposits	412,930	–	–	–	412,930	–	–
Bank balances and cash	2,808,460	–	–	–	2,808,460	–	–
	4,126,703	135,726	3,941,330	2,151,262	10,355,021	4,356,475	42.07
As at 31 December 2024							
Account receivables	–	–	803,128	1,347,339	2,150,467	1,565,263	72.79
Contract assets	–	–	–	1,929,921	1,929,921	921,287	47.74
Note receivables	2,361	–	–	–	2,361	–	–
Loan receivables	1,304,271	151,745	1,428,539	–	2,884,555	822,360	28.51
Deposit and other receivables	1,251,615	37,077	462,246	–	1,750,938	545,883	31.18
Restricted bank deposits	640,670	–	–	–	640,670	–	–
Bank balances and cash	3,153,986	–	–	–	3,153,986	–	–
	6,352,903	188,822	2,693,913	3,277,260	12,512,898	3,854,793	30.81

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Maximum exposure and year-end staging (continued)

The following table shows the movement in lifetime ECL that has been recognised for account receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	799,441	1,166,732	1,966,173
Impairment losses recognised	(36,839)	404,540	367,701
Write-offs	–	(768,611)	(768,611)
As at 31 December 2024 and 1 January 2025	762,602	802,661	1,565,263
Impairment losses recognised	(368,637)	488,430	119,793
Write-offs	–	(68,078)	(68,078)
Disposal of subsidiaries and others	(34,943)	(51,190)	(86,133)
As at 31 December 2025	359,022	1,171,823	1,530,845

The following table shows the movement in ECL that has been recognised for loan receivables.

	12-month ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	14,199	10,359	347,690	372,248
Impairment losses recognised	(1,464)	(79)	472,899	471,356
Write-offs	–	–	(21,244)	(21,244)
Transfer to lifetime ECL (not credit-impaired)	(7,047)	7,047	–	–
Transfer to lifetime ECL (credit-impaired)	(747)	(8,425)	9,172	–
As at 31 December 2024 and 1 January 2025	4,941	8,902	808,517	822,360
Impairment losses recognised	(1,785)	44	632,696	630,955
Write-offs	–	–	(114,721)	(114,721)
Transfer to lifetime ECL (credit-impaired)	(1,325)	(7,589)	8,914	–
As at 31 December 2025	1,831	1,357	1,335,406	1,338,594

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Maximum exposure and year-end staging (continued)

The following table shows the movement in ECL that has been recognised for other receivables.

	12-month ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	240,465	8,871	290,622	539,958
Impairment losses recognised	3,427	–	87,678	91,105
Write-offs	–	–	(85,180)	(85,180)
Transfer to credit-impaired	–	–	–	–
As at 31 December 2024 and 1 January 2025	243,892	8,871	293,120	545,883
Impairment losses recognised	(3,637)	–	161,702	158,065
Write-offs	–	–	(213,849)	(213,849)
Transfer to credit-impaired	(530)	(371)	901	–
As at 31 December 2025	239,725	8,500	241,874	490,099

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach.

	Lifetime E CL (not credit-impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	170,623	685,404	856,027
Impairment losses recognised	31,207	143,489	174,696
Write-offs	–	(109,436)	(109,436)
As at 31 December 2024 and 1 January 2025	201,830	719,457	921,287
Impairment losses recognised	(151,777)	418,085	266,308
Disposal of subsidiaries and others	–	(190,658)	(190,658)
As at 31 December 2025	50,053	946,884	996,937

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Maximum exposure and year-end staging (continued)

The closing loss allowances for account receivables, contract assets, loan receivables and deposits and other receivables as at 31 December 2025 and 2024 reconcile to the opening loss allowances as follows:

	Account receivables RMB'000	Contract assets RMB'000	Loan receivables RMB'000	Deposit and other receivables RMB'000	Total RMB'000
As at 1 January 2024	1,966,173	856,027	372,248	539,958	3,734,406
Allowance for ECL recognised in profit or loss during the year, net	367,701	174,696	471,356	91,105	1,104,858
Written-off during the year	(768,611)	(109,436)	(21,244)	(85,180)	(984,471)
As at 31 December 2024 and 1 January 2025	1,565,263	921,287	822,360	545,883	3,854,793
Allowance for ECL recognised in profit or loss during the year, net	119,793	266,308	630,955	158,065	1,175,121
Written-off during the year	(68,078)	–	(114,721)	(213,849)	(396,648)
Disposal of subsidiaries and others	(86,133)	(190,658)	–	–	(276,791)
As at 31 December 2025	1,530,845	996,937	1,338,594	490,099	4,356,475

Liquidity risk

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, bonds and other interest-bearing borrowings and other financing methods. 64.01% (2024: 60.29%) of the Group's debts would mature in less than one year or on demand as at 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for financial liabilities are based on the agreed repayment dates.

As at 31 December 2025

	Weighted average interest rate %	On demand or less than one year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and other payables	3.59	17,581,949	147,551	131,051	517,656	18,378,207	17,882,408
Bank and other borrowings	4.25	14,792,967	4,328,752	11,559,555	3,599,202	34,280,476	31,392,507
Lease liabilities	4.34	555,163	288,809	586,662	1,253,929	2,684,563	2,169,840
		32,930,079	4,765,112	12,277,268	5,370,787	55,343,246	51,444,755

As at 31 December 2024

	Weighted average interest rate %	On demand or less than one year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and other payables	3.59	17,957,715	92,216	131,564	538,707	18,720,202	18,863,571
Bank and other borrowings	4.93	9,962,549	6,738,732	8,798,750	5,691,061	31,191,092	27,263,553
Bonds	5.20	1,790,841	–	–	–	1,790,841	1,790,841
Lease liabilities	4.53	518,026	288,450	612,173	1,350,007	2,768,656	2,225,660
		30,229,131	7,119,398	9,542,487	7,579,775	54,470,791	50,143,625

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Bank and other borrowings with a repayment on demand clause are included in the “on demand or less than 1 year” time band in the above maturity analysis. As at 31 December 2025, the aggregate carrying amounts of these bank loans amounted to RMB5,730,804 thousand (2024: RMB3,697,388 thousand). Taking into account the Group’s financial position, the management does not believe that it is probable that the banks and other debtors will exercise their discretionary rights to demand immediate repayment. The management believes that such bank and other borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank and other borrowings with a repayment on demand clause based on scheduled repayments:

	1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash outflow RMB'000
31 December 2025	1,310,190	1,835,677	1,932,021	1,494,776	6,572,664
31 December 2024	834,644	965,889	1,882,612	562,654	4,245,799

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Market risk

The Group’s activities expose primarily to the market risks of changes in interest rates. There has been no change in the Group’s exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

The Group collects all of its revenue in RMB and incurs almost all of its expenditures in RMB. A small portion of bank balances and cash of the Group are denominated in Hong Kong dollars (“HKD”), EURO and USD. The Group pays all dividends in respect of H shares in HKD. The Group monitors currency risk exposure by periodically reviewing foreign currency exchange rates and will consider hedging significant foreign currency exposure should the need arises.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(i) Currency risk (continued)

The table below is a sensitivity analysis of exchange rate risk, which reflects the impact on net profit or loss after tax, when there are reasonable and potential changes in USD, EURO and HKD exchange rates, under the presumption that all other variables remain unchanged.

2025

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss RMB'000	Increase/ (decrease) in total shareholders' equity RMB'000
Depreciation of RMB against USD	(5)	465	465
Appreciation of RMB against USD	5	(465)	(465)
Depreciation of RMB against HKD	(5)	3	3
Appreciation of RMB against HKD	5	(3)	(3)
Depreciation of RMB against EURO	(5)	7	7
Appreciation of RMB against EURO	5	(7)	(7)

2024

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss RMB'000	Increase/ (decrease) in total shareholders' equity RMB'000
Depreciation of RMB against USD	(5)	(66,759)	(66,759)
Appreciation of RMB against USD	5	66,759	66,759
Depreciation of RMB against HKD	(5)	3	3
Appreciation of RMB against HKD	5	(3)	(3)
Depreciation of RMB against EURO	(5)	6	6
Appreciation of RMB against EURO	5	(6)	(6)

49. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk in relation to bank deposits, loan receivables, bank and other borrowings, bonds and lease liabilities. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank and other borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2024: 50 basis points) increase or decrease of variable-rate bank and other borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's:

- post-tax loss for the year ended 31 December 2025 would increase/decrease by RMB79,717 thousand (2024: increase/decrease by approximately RMB61,979 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and;
- other equity reserves would decrease/increase by RMB79,717 thousand (2024: decrease/increase by approximately RMB61,979 thousand) mainly as a result of the changes in retain earnings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(iii) Price risk of equity instrument investment

Price risk of equity instrument investment is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the value of individual securities. The Group was exposed to price risk of equity instrument investment arising from individual equity instrument investment classified as equity instrument investment measured at fair value through profit or loss and equity instrument investment measured at fair value through other comprehensive income as at 31 December 2025 and 2024. The Group's listed equity instrument investments are listed on the stock exchange in Shanghai and Shenzhen and are measured at quoted market prices at the balance sheet date.

Sensitivity analysis

Following are market stock indices of the following stock exchanges at the end of the trading day closest to the balance sheet date, and their respective highest closing point and the lowest closing point during the year:

	2025		2024	
	End of 2025	Highest/Lowest	End of 2024	Highest/Lowest
SSE – A share index	3,969	4,034/3,041	3,352	3,674/2,690
SZSE – A share index	13,525	13,807/9,120	10,415	11,864/7,908
Hang Seng Index – A share index	25,631	27,382/18,671	20,060	23,242/14,794
NASDAQ – A share index	23,242	24,020/14,784	19,311	20,205/14,478

The table below demonstrates the sensitivity of the Group's net profit or loss and net other comprehensive income after tax to every 10% change in the fair values of equity instrument investments, with all other variables held constant (based on their book values at the balance sheet date).

2025

	Book value of equity instrument investment	Increase/(decrease) in net profit or loss	Increase/(decrease) in net other comprehensive income after tax	Increase/(decrease) in total shareholders' equity
Equity instrument investment				
SSE – FVTOCI	39,534	–	2,965	2,965
SZSE – FVTOCI	65,873	–	4,940	4,940
HKEX – FVTOCI	73,065	–	6,101	13,107
NEEQ – FVTOCI	43,059	–	3,595	3,595
Non-listed equity instrument at FVTOCI	287,254	–	21,544	21,544

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(iii) Price risk of equity instrument investment (continued)

Sensitivity analysis (continued)

2024

	Book value of equity instrument investment	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
Equity instrument investment				
SSE – FVTOCI	161,090	–	12,082	12,082
SZSE – FVTOCI	148,730	–	11,155	11,155
HKEX – FVTOCI	156,971	–	13,107	13,107
NEEQ – FVTOCI	102,519	–	8,560	8,560
Non-listed equity instrument at FVTOCI	661,579	–	49,618	49,618

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at 31 December 2025

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
– Debt instrument investments	–	–	112	112
– Funds	–	–	–	–
– Equity instrument investments	–	–	93,400	93,400
Equity instruments at FVTOCI	221,531	1,454	285,799	508,784

Fair value hierarchy as at 31 December 2024

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
– Debt instrument investments	–	–	63,523	63,523
– Funds	–	–	81,111	81,111
– Equity instrument investments	–	–	160,879	160,879
Equity instruments at FVTOCI	569,313	2,625	658,954	1,230,892

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	31 December 2025 RMB'000	31 December 2024 RMB'000	Fair value hierarchy	Valuation techniques and significant unobservable inputs
1) Debt instrument investments	112	63,523	Level 3	Discounted cash flow approach Risk-adjusted discount rate: 6% (2024: 6%) (note a)
2) Fund	–	81,111	Level 3	Discounted cash flow approach Risk-adjusted discount rate: 8% (2024: 8%)
3) Equity instrument investments – FVTPL	93,400	160,879	Level 3	Discounted cash flow approach Risk-adjusted discount rate: 12%-14% (2024:12%-14%) (note b)
4) Equity instrument investments – FVTOCI	285,800	658,954	Level 3	Comparable company approach Liquidity discount rate: 96%-97% (2024:82%-83%) (note c)

Notes:

- (a) The higher the discount rate, the lower the fair value.
- (b) An increase in the discount rate would result in a decrease in fair value measurement of the equity instrument investment – FVTPL, and vice versa.
- (c) A slight increase in the liquidity discount rate would result in a significant decrease in the fair value of the equity instrument investments – FVTOCI, and vice versa.

There were no transfers between Level 1 and 2 during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation measurements of Level 3 fair value

	Equity instruments at FVTOCI RMB'000	Debt instruments at FVTPL RMB'000	Equity instruments at FVTPL RMB'000
As at 1 January 2024	1,132,733	570,321	260,025
Transfer out of level 3	(298,258)	–	–
Included in profit or loss	–	(126)	(96,370)
Included in other comprehensive income	(127,046)	–	–
Additions	–	891,627	15,174
Disposal/settlements	(48,475)	(1,317,188)	(17,950)
As at 31 December 2024 and 1 January 2025	658,954	144,634	160,879
Included in profit or loss	–	–	(72,399)
Included in other comprehensive income	(205,926)	–	–
Additions	–	119,647	22,576
Disposal/settlements	(167,229)	(264,169)	(13,064)
Transferred to subsidiaries	–	–	(4,592)
As at 31 December 2025	285,799	112	93,400

Note:

During the year ended 31 December 2024, equity instruments at FVTOCI with carry amounts of RMB298,258,000 transferred from level 3 to level 1 due to the investees became listed companies during 2024.

Other than abovementioned, there were no transfers into or out of Level 3 during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

50. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease Liabilities RMB'000	Bonds and related interest RMB'000	Bank and other borrowings and related interest RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2024	3,776,824	1,786,370	32,690,279	1,971,662	40,225,135
Changes from financing cash flows:					
Capital element of lease rentals paid	(489,873)	–	–	–	(489,873)
Proceeds from bank and other borrowings	–	–	13,141,842	–	13,141,842
Repayment of bank and other borrowings	–	–	(18,744,882)	–	(18,744,882)
Interest paid	(137,843)	(92,513)	(1,761,577)	–	(1,991,933)
Advance from related parties and third parties	–	–	–	114,000	114,000
Advance from Xiamen C&D	–	–	–	16,130,000	16,130,000
Repayment to related parties and third parties	–	–	–	(812,900)	(812,900)
Repayment to Xiamen C&D	–	–	–	(7,467,426)	(7,467,426)
Total changes from financing cash flows	(627,716)	(92,513)	(7,364,617)	7,963,674	(121,172)
Other non-cash changes:					
Interest expenses	137,843	100,324	2,008,683	284,946	2,531,796
Addition of lease liabilities	44,783	–	–	–	44,783
Lease modification	(1,144,132)	–	–	–	(1,144,132)
Transfer from other payables/other receivables	38,058	–	(17,566)	(394,872)	(374,380)
Exchange difference	–	26,393	–	–	26,393
As at 31 December 2024 and 1 January 2025	2,225,660	1,820,574	27,316,779	9,825,410	41,188,423
Changes from financing cash flows:					
Capital element of lease rentals paid	(329,498)	–	–	–	(329,498)
Proceeds from bank and other borrowings	–	–	11,107,087	–	11,107,087
Repayment of bank and other borrowings	–	–	(6,987,074)	–	(6,987,074)
Interest paid	(78,107)	(93,234)	(1,488,600)	–	(1,659,941)
Redemption of bonds	–	(1,795,537)	–	–	(1,795,537)
Advance from related parties and third parties	–	–	–	116,782	116,782
Advance from Xiamen C&D	–	–	–	8,359,000	8,359,000
Repayment to related parties and third parties	–	–	–	(1,577,071)	(1,577,071)
Repayment to Xiamen C&D	–	–	–	(7,695,532)	(7,695,532)
Total changes from financing cash flows	(407,605)	(1,888,771)	2,631,413	(796,821)	(461,784)
Other non-cash changes:					
Interest expenses	78,107	63,569	1,658,957	359,664	2,160,297
Addition of lease liabilities	491,789	–	–	–	491,789
Lease modification	(253,229)	–	–	–	(253,229)
Transfer from other payables/other receivables	35,118	–	(149,140)	1,880,295	1,766,273
Exchange difference	–	4,628	–	–	4,628
As at 31 December 2025	2,169,840	–	31,458,009	11,268,548	44,896,397

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

51. CONTINGENT LIABILITIES

There is no material contingent liabilities at the end of reporting period.

52. EVENTS AFTER THE REPORTING PERIOD

(i) Cancellation of Repurchased Shares and Reduction of Registered Capital and Amendments to the Articles of Association

As the Company has not implemented any employee stock ownership plan or equity incentive during the period when the repurchased shares were held, and the three-year period is about to expire, in order to actively reward investors and enhance investor confidence, the Company intends to cancel the 1,044,800 shares held in the special securities account for repurchased shares, and accordingly reduce the registered capital of the Company and amend the Articles of Association. The above matters have been considered and adopted at the fiftieth extraordinary meeting of the fifth session of the Board and the first extraordinary general meeting of 2026, and creditors have been notified. As of the date of this announcement, the cancellation of such repurchased shares has not yet been implemented.

For details, please refer to the announcements disclosed by the Company on the designated domestic media dated 20 December 2025 and 17 January 2026 and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated 19 December 2025 and 16 January 2026.

(ii) Appointment of Secretary of the Board and Joint Company Secretary

The Company convened the fifty-third extraordinary meeting of the fifth session of the Board on 29 January 2026, at which the “Proposal on the Appointment of the Secretary of the Board (Joint Company Secretary) and the Authorised Representative of the Company” was considered and adopted. Upon review and approval by the Nomination Committee of the Board, it was agreed to appoint Mr. CAO Shu (“Mr. CAO”) as the secretary of the Board (joint company secretary) of the Company, with a term consistent with that of the fifth session of the Board; it was agreed to appoint Mr. CAO to serve as the authorised person for the e-Submission System (ESS) of The Stock Exchange of Hong Kong Limited and the authorised representative of the Company under Rule 3.05 of the Listing Rules (as defined below), with effect from 29 January 2026.

For details, please refer to the announcements disclosed by the Company on the designated domestic media dated 30 January 2026 and on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) dated 29 January 2026.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS

1. Major Transactions between the Group and Related Parties

The following related party transactions are necessary for the development of the group's business. The transactions between the group and related parties are related to daily operations. The transactions follow the principles of openness and fairness. The transactions between both parties are settled at fair market prices.

(1) Purchase and sale of goods, provision and receipt of services from related parties

Purchase of goods and receipt of services from related parties

Details of Transactions		2025 RMB'000	2024 RMB'000
Nanjing C&D Clean Energy Co., Ltd. (南京建發清潔能源有限公司)	Purchase of goods	4,949	–
Xiamen C&D Hengrong Supply Chain Co. Ltd (廈門建發恒融供應鏈有限公司)	Purchase of goods	3,297	741
Xiamen C&D Wine & Spirits Co., Ltd. (廈門建發美酒匯酒業有限公司)	Purchase of goods	2,261	1,123
Xiamen C&D Food Supply Chain Co. Ltd (廈門建發食品供應鏈有限公司)	Purchase of goods	940	2
Xiamen C&D International Wine Group Co., Ltd. (廈門建發國際酒業集團有限公司)	Purchase of goods	632	414
and its subsidiaries			
Xiamen C&D Habitat Technology Co. Ltd (廈門建發居住科技有限公司)	Purchase of goods	179	164
Beijing Yihao Hotel Co., Ltd. (北京頤豪酒店有限公司)	Purchase of goods	39	–
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Purchase of goods	17	–
Xiamen C&D Light Industry Co., Ltd. (廈門建發輕工有限公司)	Purchase of goods	10	–
C&D (Chongqing) Co., Ltd. (建發(重慶)有限公司)	Purchase of goods	8	–
Xiamen C&D Living Materials Co., Ltd. (廈門建發生活資材有限責任公司)	Purchase of goods	7	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
Xiamen C&D International Travel Service Group Co., Ltd (廈門建發國際旅行社集團有限公司)	Purchase of goods	3	226
C&D Real Estate Corporation Limited (建發房地產集團有限公司) and its subsidiaries and branches	Purchase of goods	1	–
YangGuang Haitian Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	Purchase of goods	–	4,669
Shanghai C&D Wine Sales Management Co., Ltd. (上海建發酒業銷售管理有限公司)	Purchase of goods	–	397
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Purchase of goods	–	105
Xiamen C&D Wine Sales Management Co., Ltd (廈門建發酒業銷售管理有限公司)	Purchase of goods	–	92
Shanghai Tianhe Intelligent Technology Company Co., Ltd (上海天合智慧科技股份 有限公司) and its subsidiaries	Purchase of goods	–	27
		12,343	7,960

Note: Commodity purchases from related parties: during the year, the Group conducted commodity transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有公司)	Settlement of interest income from deposit	5	4
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Settlement of interest income from deposit	–	16
		5	20

Note: Payment of interest on deposits to related parties: during the year, the Group conducted transactions with related parties based on market prices.

	Details of Transactions	2025 RMB'000	2024 RMB'000
Hangzhou Jianmei Scene Technology Co., Ltd. (杭州建美場景科技有限公司)	Joint marketing	4,132	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) and its subsidiaries	Joint marketing	2,929	5,788
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Joint marketing	1,326	2,211
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有公司)	Joint marketing	882	1,259

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

Details of Transactions		2025 RMB'000	2024 RMB'000
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Joint marketing	450	672
Shaanxi Hongrui Home Life Square Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Joint marketing	405	–
Jianfa Property Services Group Co., Ltd. (建發物業服務集團有限公司及其子) and its subsidiaries and branches	Joint marketing	396	–
Xiamen Convention & Exhibition Advertising Co., Ltd. (廈門會展廣告有限公司)	Joint marketing	368	–
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Joint marketing	75	63
Xiamen International Convention & Exhibition Hotel Co., Ltd. (廈門國際會展酒店有限公司)	Joint marketing	61	–
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Joint marketing	–	147
		11,024	10,140

Note: Related parties provided joint marketing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Revenue from advertising space lease/ Administrative expenses	76	135
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Revenue from advertising space lease/ Administrative expenses	–	171
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) and its subsidiaries	Revenue from advertising space lease/ Administrative expenses	–	39
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Revenue from advertising space lease/ Administrative expenses	–	20
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Revenue from advertising space lease/ Administrative expenses	–	7
		76	372

Note: Related parties provided the Group with advertising space leasing/management services: during the year, the Group entered into transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	Receipt of services	638,199	637,870
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	Receipt of services	14,550	31,931
Xiamen C&D International Travel Service Group Co., Ltd (廈門建發國際旅行社集團有限公司)	Receipt of services	1,556	—
Xiamen International Convention & Exhibition Hotel Co., Ltd. (廈門國際會展酒店有限公司)	Receipt of services	84	233
Xiamen Haiyue Villa Hotel Co., Ltd (廈門海悅山莊酒店有限公司)	Receipt of services	64	—
Jianfa Property Services Group Co., Ltd. (建發物業服務集團有限公司) and its subsidiaries and branches	Receipt of services	60	—
Xiamen Zhongzhun Motor Vehicle Appraisal Co., Ltd. (廈門中准機動車評估有限公司)	Receipt of services	33	—
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Receipt of services	30	429
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Receipt of services	—	6,961

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
Xiamen C&D Hengyuan Culture Development Co., Ltd. (廈門建發恒遠文化發展有限公司)	Receipt of services	–	4,265
Shanghai Jiazhan Construction Engineering Co., Ltd (上海嘉展建築裝潢工程有限公司)	Receipt of services	–	2,784
Shanghai Dijing Catering Management Co., Ltd (上海帝景餐飲管理有限公司)	Receipt of services	–	1,331
Xiamen Convention & Exhibition International Travel Service Co., Ltd. (廈門會展國際旅行社有限公司)	Receipt of services	–	771
Red Star Macalline Holding Group Co., Ltd. (紅星美凱龍控股集團有限公司)	Receipt of services	–	124
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Receipt of services	–	76
Xiamen C&D Habitat Technology Co. Ltd (廈門建發居住科技有限公司)	Receipt of services	–	9
		654,576	686,784

Note: Related parties provided labor services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
Xiamen Jianfa Commercial Management Co., Ltd. (廈門建發商業管理有限公司) and its subsidiaries and branches	Brand management services	15,657	–
		15,657	–

Note: Related parties provided brand management services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

Sales of goods and rendering of services to related parties

	Details of Transactions	2025 RMB'000	2024 RMB'000
Xiamen C&D Habitat Technology Co. Ltd (廈門建發居住科技有限公司)	Sales of goods	768	–
Shanghai Jianfa Materials Co., Ltd. (上海建發物資有限公司)	Sales of goods	720	–
Xiamen Gulangyu Investment Development Co., Ltd. (廈門鼓浪嶼投資發展有限公司)	Sales of goods	428	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) and its subsidiaries	Sales of goods	225	234
Zhongyue Real Estate (Fujian) Co., Ltd. (中冶置業(福建)有限公司)	Sales of goods	113	37
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	Sales of goods	94	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Sales of goods	86	72
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sales of goods	62	41

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Sales of goods	49	226
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Sales of goods	32	18
Xiamen X&D Automobile Co., Ltd. (廈門建發汽車有限公司) and its subsidiaries and branches	Sales of goods	30	307
Xiamen Jianyu Industry Co., Ltd. (廈門建宇實業有限公司)	Sales of goods	13	–
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	Sales of goods	8	22
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Sales of goods	1	56
Xiamen C&D City Service Development Co., Ltd. (廈門建發城服發展股份有限公司)	Sales of goods	–	1,851
Lan Zhou Red star Business Management Co., Ltd. (蘭州紅星商業管理有限公司)	Sales of goods	–	963
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Sales of goods	–	159
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	Sales of goods	–	157
Shanghai Red Star Parking Management Co., Ltd. (上海紅星停車管理有限公司)	Sales of goods	–	125
Xiamen C&D Living Materials Co., Ltd. (廈門建發生活資材有限責任公司)	Sales of goods	–	39
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Sales of goods	–	28
Shanghai Tianhe Intelligent Technology Company Co., Ltd. (上海天合智慧科技股份有限公司) and its branches	Sales of goods	–	5
		2,629	4,340

Note: Sales of goods to related parties: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	Rendering of service	57,506	92,640
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	Rendering of service	10,500	4,314
Jianfa Property Services Group Co., Ltd. (建發物業服務集團有限公司) and its subsidiaries and branches	Rendering of service	3,457	—
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Rendering of service	2,099	7,085
Chengdu Dongtai Shopping Mall Co., Ltd. (成都東泰商城有限公司)	Rendering of service	486	584
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Rendering of service	253	—
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	Rendering of service	211	—
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	Rendering of service	70	71
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Rendering of service	67	—
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Rendering of service	44	43
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技 有限公司)	Rendering of service	29	—
Xiamen C&D Habitat Technology Co. Ltd. (廈門建發居住科技有限公司)	Rendering of service	20	—
Xiamen Jianfa Automobile Co., Ltd. (廈門建發汽車有限公司) and its subsidiaries and branches	Rendering of service	9	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
C&D (Chongqing) Co., Ltd. (建發(重慶)有限公司)	Rendering of service	4	–
Shanghai Zhaomin Real Estate Development Co., Ltd.) (上海兆閔房地產開發有限公司)	Rendering of service	–	5,769
Wuhan Yiran Property Management Co., Ltd (武漢怡然物業管理有限公司)	Rendering of service	–	648
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Rendering of service	–	178
Hubei Yiyue Property Management Co., Ltd. (湖北怡悦物業管理有限公司)	Rendering of service	–	147
Joy Home (Xiamen) Property Management Co., Ltd. (怡家園(廈門)物業管理有限公司)	Rendering of service	–	20
Xiamen C&D Finance Guarantee Co., Ltd. (廈門建發融資擔保有限公司)	Rendering of service	–	3
		74,755	111,502

Note: Rendering of service to related parties: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

		Details of Transactions	2025 RMB'000	2024 RMB'000
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service		3,633	2,123
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service		2,830	2,830
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service		2,314	2,769
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Brand management service		1,887	2,830
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	Brand management service		1,887	1,887
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有公司)	Brand management service		1,698	1,698
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service		1,408	1,887
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	Brand management service		459	24
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Brand management service		377	–
			16,493	16,048

Note: Provision of brand management services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

		Details of Transactions	2025 RMB'000	2024 RMB'000
C&D Real Estate Corporation Limited (建發房地產集團有限公司) and its subsidiaries and branches	Service income	4,830	—	
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Service income	1,013	3,304	
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Service income	943	5,573	
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Service income	860	695	
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	Service income	842	913	
Shanghai Lianhong Real Estate Development Co., Ltd. (上海聯泓房地產開發有限公司)	Service income	424	424	
Hangzhou Jianmei Scene Technology Co., Ltd. (杭州建美場景科技有限公司)	Service income	280	5	
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Service income	206	—	
Xiamen Haiyue Villa Hotel Co., Ltd (廈門海悅山莊酒店有限公司)	Service income	75	—	
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有公司)	Service income	30	28	
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Service income	29	—	
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	28	80	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

Details of Transactions		2025 RMB'000	2024 RMB'000
Shanghai Tianhe Intelligent Technology Co., Ltd Service income (上海天合智慧科技股份 有限公司) and its branches		15	38
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居 廣場有限公司)	Service income	—	151
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Service income	—	894
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	—	490
Xiamen C&D Residence Technology Co. Ltd (廈門建發居住科技有限公司)	Service income	—	147
Shanghai Lihao Environmental Protection Technology Co., Ltd. (上海麗浩環保科技有限公司)	Service income	—	36
		9,575	12,778

Note: Provision of other service to related parties: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2025 RMB'000	2024 RMB'000
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Design consultation income	314	119
Chongqing Xingyuan Kaijian Commercial Management Co., Ltd (重慶星遠凱建商業管理有限公司)	Design consultation income	–	2,038
		314	2,157

Note: Provision of design consultation service to related parties: during the year, the Group conducted transactions with related parties based on market prices.

	Details of Transactions	2025 RMB'000	2024 RMB'000
Hangzhou Noble Holdings Group Co., Ltd. (杭州諾貝爾陶瓷有限公司) and subsidiaries and its branches	Joint marketing	1,160	2,198
Maxxis Intelligent Home (Shenzhen) Co., Ltd. (美時智能家居(深圳)有限公司)	Joint marketing	27	377
Shanghai Tianhe Intelligent Technology Company Co., Ltd (上海天合智慧科技股份有限公司) and its branches	Joint marketing	–	6
		1,187	2,581

Note: Related parties provided joint marketing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

		Details of Transactions	2025 RMB'000	2024 RMB'000
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Others		–	421
			–	421

Note: The Group provided services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party

As lessors

	Type of leased assets	2025 RMB'000	2024 RMB'000
Sunsea Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries and branches	Parking garage	29,263	45,218
Xiamen C&D Warehouse Co., Ltd (廈門建發倉儲有限公司)	Warehouse	2,397	799
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Office	2,167	–
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	Office	1,593	–
Shanghai Lianhong Real Estate Development Co., Ltd. (上海聯泓房地產開發有限公司)	Office	1,425	1,447
Hangzhou Noble Holdings Group Co., Ltd. (杭州諾貝爾控股集團有限公司) and its subsidiaries	Shop(s) in shopping mall	1,211	2,712
Xiamen Jianfa Automobile Co., Ltd. (廈門建發汽車有限公司) and its subsidiaries and branches	Shop(s) in shopping mall	1,056	112
Hangzhou Zhaocheng Real Estate Co., Ltd. (杭州兆城房地產有限公司)	land	1,028	–
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shop(s) in shopping mall	742	742
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Shop(s) in shopping mall	734	2,151
Shanghai Tianhe Intelligent Technology Company Co., Ltd (上海天合智慧科技股份有限公司) and its branches	Shop(s) in shopping mall	371	396
Xiamen C&D Automobile Co., Ltd. (廈門建發汽車有限公司) and its subsidiaries and branches	Parking garage	206	–
Xiamen C&D Habitat Technology Co. Ltd (廈門建發居住科技有限公司)	Parking garage	135	69

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessors (continued)

	Type of leased assets	2025 RMB'000	2024 RMB'000
Hangzhou Jianmei Scene Technology Co., Ltd. (杭州建美場景科技有限公司)	Office	47	16
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	Parking garage	43	2,915
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Parking garage	10	2,363
Lotus Parking Management Co., Ltd. (中資停車管理涑源有限公司濟南分公司)	Shop(s) in shopping mall	–	1,716
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	Shop(s) in shopping mall	–	592
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	Shop(s) in shopping mall	–	96
Shanghai Lihao Environmental Protection Technology Co., Ltd. (上海麗浩環保科技有限公司)	Office	–	84
Xiamen Airlines Co., Ltd (廈門航空有限公司)	Office	–	29
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Office	–	17
		42,428	61,474

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessors (continued)

	Type of leased assets	2025 RMB'000	2024 RMB'000
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Shopping mall	11,641	23,282
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有公司)	Shop(s) in shopping mall	–	21
		11,641	23,303

(3) Interest expenses

	2025 RMB'000	2024 RMB'000
Xiamen International Bank Limited Shanghai Xuhui Sub-branch (廈門國際銀行股份有限公司上海徐匯支行)	28,133	12,878
Luso International Banking Ltd. (澳門國際銀行股份有限公司)	3,916	–
Chiyu Banking Corporation Limited (集友銀行有限公司)	3,758	–
Xiamen C&D Inc. (廈門建發股份有限公司)	–	214,819
	35,807	227,697

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties

Receiving guarantees from related parties

2025

	Amount of guarantees RMB'000	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Co., Ltd. (紅星美凱龍控股集團有限公司) (note 1)	193,558	20/6/2019	20/6/2029	No
Red Star Macalline Holding Group Co., Ltd. (紅星美凱龍控股集團有限公司) (note 2)	397,944	25/3/2020	25/3/2030	No
Red Star Macalline Holding Group Co., Ltd. (紅星美凱龍控股集團有限公司) (note 3)	37,500	8/6/2020	10/12/2030	No
Red Star Macalline Holding Group Co., Ltd. (紅星美凱龍控股集團有限公司) (note 4)	317,700	1/7/2019	20/6/2029	No
Liuzhou Red Star Macalline Real Estate Co., Ltd. and CHE Jianxing (柳州紅星美凱龍置業有限公司、車建興) (note 5)	131,588	28/11/2019	27/11/2029	No
CHE Jianxing (車建興) (note 6)	1,120,982	3/3/2020	2/3/2030	No
CHE Jianxing and CHENG Shuhong (車建興、陳淑紅) (note 7)	1,550,000	15/6/2022	15/6/2037	No
CHE Jianxing (車建興) (note 8)	719,299	29/3/2023	20/3/2033	No
CHE Jianxing and CHENG Shuhong (車建興、陳淑紅) (note 9)	49,210	28/12/2022	29/11/2026	No
Xiamen C&D Co., Ltd (廈門建發股份有限公司) (note 10)	525,000	22/11/2024	6/1/2028	No
Xiamen C&D Co., Ltd (廈門建發股份有限公司) (note 11)	3,534,440	25/1/2024	12/11/2041	No
Xiamen C&D Co., Ltd (廈門建發股份有限公司) (note 12)	960,000	8/11/2024	14/11/2027	No
Xiamen C&D Co., Ltd (廈門建發股份有限公司) (note 13)	591,000	26/6/2025	26/6/2043	No
Xiamen C&D Co., Ltd (廈門建發股份有限公司) (note 14)	550,000	28/7/2025	28/7/2043	No
Xiamen C&D Co., Ltd (廈門建發股份有限公司) (note 15)	1,657,000	7/11/2025	15/10/2040	No
Lianfa Group Co., Ltd (聯發集團有限公司) (note 16)	2,682,000	16/5/2025	15/5/2043	No

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2025 (continued)

- Note 1 : The loan was secured by an investment property of Zhengzhou Red Star Macalline International Furniture Plaza Property Co., Ltd., a subsidiary of the Group.
- Note 2 : The loan was secured by an investment property of Nanning Red Star Macalline Expo Home Furnishing Exhibition Center Co., Ltd., a subsidiary of the Group.
- Note 3 : The loan was secured by an investment property of Shanghai Laicheng Enterprise Management Co., Ltd., a subsidiary of the Group.
- Note 4 : The loan was secured by an investment property of Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd., a subsidiary of the Group.
- Note 5 : The loan was secured by an investment property of Liuzhou Hongxing Meikailong Home Furnishing Co., Ltd., a subsidiary of the Group.
- Note 6 : The loan was secured by an investment property of Shanghai Shanhai Art Furniture Co., Ltd., a subsidiary of the Group.
- Note 7 : The loan was secured by investment properties of Beijing Red Star Meikailong International Furniture Construction Materials Plaza and Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Co., subsidiaries of the Group.
- Note 8 : The loan was secured by investment properties of Jinan Red Star Macalline World Expo Home Furnishing and Living Plaza Co., Ltd. and Beijing Red Star Meikailong International Furniture Construction Materials Plaza, subsidiaries of the Group.
- Note 9 : The loan was secured by an investment property of Chengdu Tianfu New Area Red Star Macalline World Trade Home Co., Ltd., a subsidiary of the Group.
- Note 10 : The loan was secured by an investment property of Ningbo Red Star Macalline Home Shopping Plaza Co., Ltd., a subsidiary of the Group.
- Note 11 : The loan was secured by an investment property of Shanghai Xinwei Properties Co., Ltd., a subsidiary of the Group.
- Note 12 : The loan was secured by investment properties of Changzhou Home World Furniture & Home Furnishings Plaza Co., Ltd., Changzhou Meikailong International Computer & Household Electric Appliance Decoration City, Changzhou Hongyang Domestic Living Plaza Co., Ltd. and Chongqing Red Star Macalline Zhongkun Home Living Plaza Co., Ltd., subsidiaries of the Group.
- Note 13 : The loan was secured by an investment property of Nanchang Red Star Macalline Global Home Expo Center Co., Ltd., a subsidiary of the Group.
- Note 14 : The loan was secured by an investment property of Wuhan Red Star Macalline Global Home Plaza Development Co., Ltd., a subsidiary of the Group.
- Note 15 : The loan was secured by investment properties of Chongqing Xingkaik Home Furnishing Co., Ltd. and Tianjin Red Star Macalline Home Furnishings and Life Plaza Co., Ltd., subsidiaries of the Group.
- Note 16 : The loan was secured by investment properties of Beijing Red Star Macalline World Expo Furniture and Building Materials Plaza Co., Ltd. and Yantai Red Star Macalline Home Furnishings Co., Ltd., subsidiaries of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2024

	Amount of guarantees RMB'000	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 1)	249,058	20/6/2019	20/6/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 2)	131,000	15/1/2020	17/9/2026	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 3)	532,944	25/3/2020	25/3/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 4)	45,000	8/6/2020	10/12/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 5)	405,700	1/7/2019	20/6/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 6)	200,000	13/7/2018	10/7/2028	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 7)	300,000	7/7/2022	6/7/2025	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 8)	160,056	28/11/2019	27/11/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 9)	216,900	20/3/2020	20/3/2028	No
Che Jianxing (車建興) (note 10)	1,315,616	3/3/2020	2/3/2030	No
Che Jianxing (車建興) (note 11)	124,500	17/6/2016	16/6/2026	No
Che Jianxing · CHEN Shuhong (車建興 · 陳淑紅) (note 12)	109,000	28/12/2022	29/11/2026	No
Che Jianxing · CHEN Shuhong (車建興 · 陳淑紅) (note 13)	1,640,000	15/6/2022	15/6/2037	No
Che Jianxing · CHEN Shuhong (車建興 · 陳淑紅) (note 14)	1,790,841	17/8/2022	17/3/2026	No
Che Jianxing · CHEN Shuhong (車建興 · 陳淑紅) (note 15)	756,775	29/3/2023	20/3/2033	No
Xiamen C&D Inc. (note 16)	450,000	22/11/2024	22/11/2027	No
Xiamen C&D Inc. (note 17)	3,593,680	25/1/2024	12/11/2041	No
Xiamen C&D Inc. (note 18)	967,400	8/11/2024	14/11/2027	No

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2024 (continued)

- Note 1 : The loan was secured by an investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 2 : The loan was secured by an investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.
- Note 3 : The loan was secured by an investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.
- Note 4 : The loan was secured by the property, plant and equipment of the Group's subsidiary, Shanghai Bencheng Enterprise Management Company Limited.
- Note 5 : The loan was secured by an investment property of Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd., a subsidiary of the Group.
- Note 6 : The loan was secured by the investment property of the Group's subsidiary, Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited.
- Note 7 : The loan was secured by an investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.
- Note 8 : The loan was secured by an investment property of Liuzhou Red Star Macalline Home Furnishing Company Limited.
- Note 9 : The loan was secured by an investment property of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.
- Note 10 : The loan was secured by an investment property of the Group's subsidiary, Shanghai Mountain and Sea Art Furniture Company Limited.
- Note 11 : The loan was secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.
- Note 12 : The loan was secured by an investment property of the Group's subsidiary, Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited.
- Note 13 : The loan was secured by the investment properties of the Group's subsidiaries, Beijing Red Star Macalline International Furniture and Building Materials Plaza Company Limited and Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited.
- Note 14 : The loans were also secured by the investment properties of the Group's subsidiaries, Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited and Chongqing Xingkaike Home Furnishing Company Limited.
- Note 15 : The loans were also secured by the investment properties of the Group's subsidiaries, Jinan Red Star Macalline Shibo Home Living Plaza Company Limited and Beijing Red Star Macalline International Home Furnishing Plaza Company Limited.
- Note 16 : The loan was secured by an investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.
- Note 17 : The loan was secured by an investment property of Shanghai Xinwei Property Company Limited.
- Note 18 : The loans were also secured by the investment properties of the Group's subsidiaries, Changzhou World Furniture and Home Plaza Co., Ltd, Changzhou Red Star Macalline International Computer Home appliances Mall Company Limited, Changzhou Hongyang Home Furnishing Plaza Company Limited and Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties

	2025		2024	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Accounts receivable				
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	40,000	40,000	40,000	40,000
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	32,525	32,525	32,525	32,525
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	7,681	5,434	5,620	3,397
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	4,242	191	6,051	272
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	4,000	4,000	4,000	4,000
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司)	3,500	3,500	3,500	3,500
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	3,265	3,265	3,333	2,038
Shaanxi Hongrui Home Life Square Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	2,342	1,195	1,850	776
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,804	556	1,804	444
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	1,750	1,400	1,750	828
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	1,500	1,500	1,500	1,500
Chongqing Xingyuan Kaijian Commercial Management Co., Ltd (重慶星遠凱建商業管理有限公司)	1,360	484	1,360	161
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	1,281	561	4,250	2,112
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	1,151	792	1,494	1,043
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	918	403	3,825	1,779
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	700	307	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025		2024	
	Book	Bad debt	Book	Bad debt
	balance	Allowance	balance	Allowance
	RMB'000	RMB'000	RMB'000	RMB'000
Wuhan Yiran Property Management Co., Ltd (武漢怡然物業管理有限公司)	246	11	351	16
Beijing Zhaojia Real Estate Development Co., Ltd (北京兆嘉房地產開發有限公司)	193	9	–	–
Joy Home (Xiamen) Property Management Co., Ltd. (怡家園(廈門)物業管理有限公司)	171	8	–	–
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	138	138	1,869	1,670
Hubei Yiyue Property Management Co., Ltd. (湖北怡悅物業管理有限公司)	120	5	156	7
Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司)	106	106	106	106
Shanghai Lihao Environmental Protection Technology Co., Ltd. (上海麗浩環保科技有限公司)	67	3	67	3
Shanghai Red Star Dragon Commercial Management Co., Ltd (上海紅星星龍商業管理有限公司)	53	47	53	31
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	50	2	–	–
Xiamen C&D Habitat Technology Co. Ltd (廈門建發居住科技有限公司)	48	2	–	–
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	44	44	44	44
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	34	34	34	34
Xiamen C&D Warehouse Co., Ltd (廈門建發倉儲有限公司)	24	1	–	–
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	12	1	12	1
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) and its subsidiaries	12	1	–	–
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	11	–	16	1
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	7	–	–	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	5	–	5	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025		2024	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Chengdu Dongtai Shopping Mall Co., Ltd. (成都東泰商城有限公司)	5	–	120	5
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	3	–	3	–
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	–	–	1,422	169
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	–	–	1,026	46
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	–	–	818	74
Dalian Xingkai Commercial Management Co., Ltd. (大連星凱商業管理有限公司)	–	–	479	293
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	–	–	123	123
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	–	–	50	2
Shanghai Lianhong Real Estate Development Co., Ltd. (上海聯泓房地產開發有限公司)	–	–	37	2
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	–	–	32	1
Shanxi Red Star New World Real Estate Co., Ltd. (山西紅星新世界置業有限公司)	–	–	18	1
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	–	–	7	–
	109,368	96,525	119,710	97,004

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025		2024	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Prepayments				
Wuhu Red Star Macalline Equity Investment Fund Management Co., Ltd (蕪湖紅星美凱龍股權投資基金管 理有限公司)	9,800	—	9,800	—
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	2,437	—	2,930	—
Tianjin Lees Consulting Service Co., Ltd. (天津利時諮詢服務有限公司)	750	—	750	—
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	221	—	96	—
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	177	—	177	—
Joy Home (Xiamen) Property Management Co., Ltd. (怡家園(廈門)物業管理有限公司)	94	—	—	—
Xiamen C&D Hengrong Supply Chain Co. Ltd (廈門建發恒融供應鏈有限公司)	76	—	—	—
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	43	—	43	—
Xiamen C&D International Wine Group Co., Ltd. (廈門建發國際酒業集團有限公司)	24	—	—	—
Xiamen C&D Wine & Spirits Co., Ltd. (廈門建發美酒匯酒業有限公司)	23	—	14	—
C&D (Chongqing) Co., Ltd. (建發(重慶)有限公司)	8	—	—	—
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	8	—	8	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025		2024	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Shaanxi Hongrui Home Life Square Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	4	–	4	–
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	–	–	411	–
YangGuang Haitian Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	–	–	312	–
Xiamen Haiyue Villa Hotel Co., Ltd (廈門海悅山莊酒店有限公司)	–	–	64	–
Xiamen International Convention & Exhibition Hotel Co., Ltd. (廈門國際會展酒店有限公司)	–	–	52	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有公司)	–	–	19	–
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	–	–	13	–
Shanghai Tianhe Intelligent Technology Company Co., Ltd (上海天合智慧科技股份有限公司) and its subsidiaries	–	–	11	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	–	–	2	–
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	–	–	–	–
	13,665	–	14,706	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025		2024	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Other receivables				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	146,600	7,330	161,800	8,090
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	24,032	1,202	27,072	1,360
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	7,693	2,584	–	–
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	5,632	1,321	3,474	218
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	3,550	277	200	–
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	3,265	1,751	3,265	853
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	2,699	440	11,095	1,330
Xuzhou Red Star Macalline Global Home Life Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	1,725	120	3,712	233
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	1,704	122	4,795	301
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	1,200	1,200	1,200	1
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	387	28	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025		2024	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	210	–	928	45
Changzhou Aegean Sea Outlet Commercial Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	30	2	30	2
Xi'an Red Star Jiaxin Home Furnishing Co., Ltd. (西安紅星佳鑫家居有限公司)	25	–	25	–
Joy Home (Xiamen) Property Management Co., Ltd. (怡家園(廈門)物業管理有限公司)	10	–	–	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	–	–	31,000	–
Xuzhou Red Star Macalline International Furniture & Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	–	–	1,646	103
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	N/A	N/A	481	30
Shanghai Red Star Parking Management Co., Ltd (上海紅星停車管理有限公司)	–	–	24	2
	198,762	16,377	250,747	12,568

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025		2024	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Contract assets				
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	189,129	99,154	198,168	23,503
Xi'an Jiahexing Home Furnishing Co., Ltd. (西安佳和興家居有限責任公司)	59,252	5,855	82,540	14,583
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	26,598	11,402	42,582	5,050
Yancheng Kailong Real Estate Co., Ltd. (鹽城凱龍置業有限公司)	2,458	295	2,458	292
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	–	–	1,028	164
Ningbo Kailong Real Estate Co., Ltd. (寧波凱龍置業有限公司)	–	–	571	149
Xiangshan Kaisheng Real Estate Company Limited (象山凱勝置業有限公司)	–	–	141	17
Ningbo Huixin Real Estate Co., Ltd. (寧波匯鑫置業有限公司)	–	–	127	44
Dalian Xingkai Commercial Management Co., Ltd. (大連星凱商業管理有限公司)	–	–	46	16
	277,437	116,706	327,661	43,818

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025		2024	
	Book	Bad debt	Book	Bad debt
	balance	Allowance	balance	Allowance
	RMB'000	RMB'000	RMB'000	RMB'000
Loan receivables				
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	573,084	272,636	593,084	5,931
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	–	–	29,426	29,426
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	–	–	7,000	70
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	–	–	5,000	50
	573,084	272,636	634,510	35,477
Note receivables				
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	–	–	2,362	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025 RMB'000	2024 RMB'000
Accounts payable		
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	6,476	6,476
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	3,383	3,308
Hangzhou Jianmei Scene Technology Co., Ltd. (杭州建美場景科技有限公司)	2,304	–
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	705	7,200
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	471	1,075
Xiamen C&D Wine & Spirits Co., Ltd. (廈門建發美酒匯酒業有限公司)	437	94
Xiamen Convention & Exhibition Advertising Co., Ltd. (廈門會展廣告有限公司)	368	–
Shanghai Dijing Catering Management Co., Ltd. (上海帝景餐飲管理有限公司)	213	213
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	152	120
Shanghai Shengyu Information Technology Co., Ltd. (上海盛域信息技術有限公司)	126	126
Xiamen C&D Hengrong Supply Chain Co. Ltd (廈門建發恒融供應鏈有限公司)	86	98
Xiamen International Convention & Exhibition Hotel Co., Ltd. (廈門國際會展酒店有限公司)	61	–
Xiamen C&D International Wine Group Co., Ltd. (廈門建發國際酒業集團有限公司)	46	22
Tainjin Jianguang New Energy Co., Ltd. (天津建光新能源有限公司)	35	–
Chengdu Dongtai Shopping Mall Co., Ltd. (成都東泰商城有限公司)	33	206
Xiamen C&D International Travel Service Group Co., Ltd (廈門建發國際酒業集團有限公司)	20	–
Xiamen C&D Light Industry Co., Ltd. (廈門建發輕工有限公司)	4	–
Shanghai Jiazhan Construction Engineering Co., Ltd (上海嘉展建築裝潢工程有限公司)	N/A	9,876
Xiamen Convention & Exhibition International Travel Service Co., Ltd. (廈門會展國際旅行社有限公司)	–	385
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	–	101
Sunsea Haitian Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	–	38
	14,920	29,338

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025 RMB'000	2024 RMB'000
Other payables		
Xiamen C&D Co., Ltd (廈門建發股份有限公司)	9,949,476	8,677,442
Xiamen C&D Finance Leasing Co., Ltd (廈門建發融資租賃有限公司)	491,920	38,445
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	155,184	136,700
Xiamen International Bank Limited Shanghai Xuhui Sub-branch (廈門國際銀行股份有限公司上海徐匯支行)	50,000	–
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	38,374	150
Sunsea Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	30,000	169,458
Lianfa Group Co., Ltd (聯發集團有限公司)	20,903	20,903
Luso International Banking Ltd. (澳門國際銀行股份有限公司)	10,000	–
Chiyu Banking Corporation Limited (集友銀行有限公司)	9,597	–
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	6,765	29,780
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	3,231	3,231
Red Star Macalline Holding Group Co., Ltd. (紅星美凱龍控股集團有限公司)	1,778	–
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	1,700	–
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,678	1,287
Xiamen C&D Hengyuan Culture Development Co., Ltd. (廈門建發恒遠文化發展有限公司)	1,265	4,265
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	1,066	1,192
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	833	125
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	685	733
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	635	805
Shaanxi Hongrui Home Life Square Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	438	–
Shanghai Tianhe Intelligent Technology Co., Ltd (上海天合智慧科技股份有限公司) and its subsidiaries	341	27

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025 RMB'000	2024 RMB'000
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有公司)	328	691
Shanghai Shujia Medical Technology Co., Ltd. (上海樹家醫學科技有限公司)	273	—
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	273	—
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	267	—
Xiamen C&D Warehouse Co., Ltd (廈門建發倉儲有限公司)	218	163
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	200	—
Billion (Wuhan) Automobile Sales Co., Ltd. (柏億(武漢)汽車銷售有限公司)	130	130
Shanghai Lianhong Real Estate Development Co., Ltd. (上海聯泓房地產開發有限公司)	129	129
Maxxis Intelligent Home (Shenzhen) Co., Ltd. (美時智能家居(深圳)有限公司)	80	80
Xiamen Silber Technology Co., Ltd (廈門絲柏科技有限公司)	52	52
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	50	50
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	50	50
METRO (Shanghai) Building Technology Co., Ltd (美宅(上海)建築科技有限公司)	50	50
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	42	42
Xiamen C&D Habitat Technology Co. Ltd (廈門建發居住科技有限公司)	40	—
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	20	20
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	13	—
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	12	12
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	11	11

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025 RMB'000	2024 RMB'000
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	10	40
Shanghai Hezi Tiaodong Development Co., Ltd (上海赫茲跳動科技有限公司)	10	–
Hangzhou Jianmei Scene Technology Co., Ltd. (杭州建美場景科技有限公司)	5	–
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	5	5
Chengdu Aige Furniture Co., Ltd, (成都艾格傢俱有限公司)	N/A	15,000
Shanghai Wanhong Investment Management Co., Ltd. (上海萬鴻投資管理有限公司)	–	7,500
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	–	5,820
Guangzhou Huoshuyinhua Information Technology Co., Ltd (廣州火數銀花信息科技有限公司)	N/A	4,500
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	–	1,602
Shanghai Jiazhan Construction Engineering Co., Ltd (上海嘉展建築裝潢工程有限公司)	N/A	592
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	N/A	495
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) and its subsidiaries	–	426
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	N/A	31
Xiamen C&D Hengrong Supply Chain Co. Ltd (廈門建發恒融供應鏈有限公司)	–	16
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	–	15
	10,778,137	9,122,065

	2025 RMB'000	2024 RMB'000
Bills payables		
Pu Fa (Shanghai) E-commerce Co., Ltd. (璞發(上海)電子商務有限公司)	–	43,877

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025 RMB'000	2024 RMB'000
Rental and service fee received in advance		
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	588	428
Shanghai Shujia Medical Technology Co., Ltd. (上海樹家醫學科技有限公司)	511	–
Billion (Wuhan) Automobile Sales Co., Ltd. (柏億(武漢)汽車銷售有限公司)	131	138
Xiamen C&D Living Technology Co. Ltd (廈門建發居住科技有限公司)	62	36
Shanghai Tianhe Intelligent Technology Company Co., Ltd (上海天合智慧科技股份有限公司) and its subsidiaries	52	–
Kunming Kaitong Automobile Sales and Services Co., Ltd. (昆明凱通汽車銷售服務有限公司)	48	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	3	3
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	2	56
Xiamen C&D Warehouse Co., Ltd (廈門建發倉儲有限公司)	–	360
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	–	196
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	–	133
	1,397	1,350

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

53. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2025 RMB'000	2024 RMB'000
Contract liabilities		
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	402	902
Maxxis Intelligent Home (Shenzhen) Co., Ltd. (美時智能家居(深圳)有限公司)	236	264
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	31	31
Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	30	30
Shanghai Shujia Medical Technology Co., Ltd. (上海樹家醫學科技有限公司)	21	–
Xiamen C&D Living Materials Co., Ltd. (廈門建發生活資材有限責任公司)	–	2,673
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	–	1,952
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	–	1,226
Shanghai Zhaomin Real Estate Development Co., Ltd. (上海兆閔房地產開發有限公司)	–	301
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	–	75
Xiamen Jianyu Industry Co., Ltd. (廈門建宇實業有限公司)	–	46
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	–	21
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司)	–	15
	720	7,536

For the year ended 31 December 2025

2. Amounts due from/to related parties (continued)

	2025	2024
	RMB'000	RMB'000
Short-term Loans		
Xiamen International Bank Co., Ltd.		
(廈門國際銀行股份有限公司)	375,466	195,276

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and other key management of the Group. The key management personnel compensation are as follows:

	2025	2024
	RMB'000	RMB'000
Short-term employee benefits	8,159	20,963
Retirement benefit contributions	764	1,169
Performance related incentive payments	936	3,303
	9,859	25,435

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

54. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	56,938	48,853
Right-of-use assets	1,379,006	1,504,370
Intangible assets	16,227	28,360
Interests in subsidiaries	22,969,288	22,488,483
Interests in associates	604,171	896,534
Interests in joint ventures	711,665	912,578
Financial instruments at fair value through profit or loss	525,050	524,824
Financial instruments at fair value through other comprehensive income	242,816	534,967
Deferred tax assets	1,645,059	1,223,280
Loan receivables	2,855	5,759
Restricted bank deposits	214,772	–
Deposits and prepayment	1,019,920	958,750
Total non-current assets	29,387,767	29,126,758
Current assets		
Inventories	2,733	3,830
Loan receivables	506,335	1,080,898
Financial instruments at fair value through profit or loss	112	100,107
Account receivables	71,201	93,174
Contract assets	–	9,684
Deposits, prepayment and other receivables	33,335,905	30,479,813
Bank balance and cash	47,467	371,769
Total current assets	33,963,753	32,139,275
Total assets	63,351,520	61,266,033

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

54. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2025 RMB'000	2024 RMB'000
Current liabilities		
Trade and other payables	34,827,622	30,460,883
Rental and service fee received in advance	44,351	47,991
Contract Liabilities	194,378	383,299
Bank and other borrowings	3,839,643	3,567,513
Lease liabilities	169,235	150
Bonds	–	1,790,841
Other current liabilities	72,541	72,908
Total current liabilities	39,147,770	36,323,585
Non-current liabilities		
Bank and other borrowings	1,643,409	1,461,825
Lease liabilities	1,355,545	1,453,412
Other payables	81,400	85,469
Other non-current liabilities	633,152	705,692
Contract liabilities	199,432	235,765
Total non-current liabilities	3,912,938	3,942,163
NET ASSETS	20,290,812	21,000,285
Equity		
Share capital	4,354,733	4,354,733
Reserves	15,936,079	16,645,552
Total equity	20,290,812	21,000,285

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

55. RESERVES OF THE COMPANY

	Attributable to shareholders of Company						
	Share capital	Capital reserve	Treasury shares	Fair value through other comprehensive income reserve	Surplus reserve	Retained earnings	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	4,354,733	8,462,137	(5,003)	(255,344)	2,113,914	6,329,848	21,000,285
Loss for the year	-	-	-	-	-	(629,149)	(629,149)
Fair value change	-	-	-	(80,324)	-	-	(80,324)
Total comprehensive loss for the year	-	-	-	(80,324)	-	(629,149)	(709,473)
Disposal of financial instruments at FVTOCT	-	-	-	(80,089)	-	80,089	-
As at 31 December 2025	4,354,733	8,462,137	(5,003)	(415,757)	2,113,914	5,780,788	20,290,812
As at 1 January 2024	4,354,733	8,462,137	(5,003)	300,644	2,113,914	7,099,000	22,325,425
Loss for the year	-	-	-	-	-	(901,586)	(901,586)
Fair value change	-	-	-	(423,554)	-	-	(423,554)
Total comprehensive loss for the year	-	-	-	(423,554)	-	(901,586)	(1,325,140)
Disposal of financial instruments at FVTOCT	-	-	-	(132,434)	-	132,434	-
As at 31 December 2024	4,354,733	8,462,137	(5,003)	(255,344)	2,113,914	6,329,848	21,000,285

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Global Home Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	97	97
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB230,000 Paid up capital RMB230,000	100	100
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	Brand management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	Site leasing management	PRC	Registered RMB552,879 Paid up capital RMB552,879	100	100
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲家具廣場有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	51	51
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	Site leasing management	PRC	Registered RMB445,000 Paid up capital RMB445,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited (上海紅星美凱龍全球家居市場經營管理有限公司)	Market company	PRC	Registered RMB500 Paid up capital RMB500	100	100
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB175,000 Paid up capital RMB175,000	100	100
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	Site leasing management	PRC	Registered RMB255,000 Paid up capital RMB255,000	100	100
Beijing Century Europe and America Business Investment Company Limited (note 1(ii)) (北京世紀歐美商業投資有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	80	80
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB280,000 Paid up capital RMB280,000	100	100
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	Site leasing management	PRC	Registered RMB250,000 Paid up capital RMB250,000	100	100
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	Investment management	PRC	Registered RMB10,000 Paid up capital RMB10,000	51	51
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	Site leasing management	PRC	Registered RMB424,879 Paid up capital RMB424,879	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB210,000 Paid up capital RMB210,000	100	100
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	Investment management	PRC	Registered RMB1,000 Paid up capital RMB1,000	65	65
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB310,000 Paid up capital RMB310,000	100	100
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	Construction material markets	PRC	Registered RMB90,000 Paid up capital RMB90,000	100	100
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB149,939 Paid up capital RMB149,939	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍家具建材市場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB200,000 Paid up capital RMB40,000	75	75
Daqing Red Star Macalline Shibo Furniture Plaza Company Limited (大慶紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	Brand management	PRC	Registered RMB2,000 Paid up capital RMB2,000	100	100
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	Site leasing management	PRC	Registered RMB149,939 Paid up capital RMB149,939	100	100
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Red Star Ogloria Home Living Market Management Company Limited (上海紅星歐麗洛雅家居市場經營管理有限公司)	Market company	PRC	Registered RMB500 Paid up capital RMB500	100	100
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB349,848 Paid up capital RMB349,848	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Nanjing Red Star Macalline International Home Furnishing Company Limited (南京紅星美凱龍國際家居有限責任公司)	Site leasing management	PRC	Registered RMB764,017 Paid up capital RMB764,017	100	100
Shanghai Red Star Macalline Yijia Home Decorating Company Limited (上海紅星美凱龍億家裝飾工程有限公司)	Home design	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	Commercial service	PRC	Registered RMB45,000 Paid up capital RMB45,000	100	100
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司)	E-commerce	PRC	Registered RMB18,400 Paid up capital RMB18,400	100	100
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	Site leasing management	PRC	Registered RMB314,286 Paid up capital RMB314,286	65	65
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	Site leasing management	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	Site leasing management	PRC	Registered RMB349,818 Paid up capital RMB349,818	100	100
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB68,000 Paid up capital RMB68,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	Brand management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍美家居市場經營管理有限公司)	Market company	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB46,757 Paid up capital RMB46,757	100	100
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Lanzhou Red Star Macalline Shibo Furniture Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	Management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Home Decorating and Furnishing Market Management Company Limited (上海紅星美凱龍裝飾家居市場經營管理有限公司)	Brand management	PRC	Registered RMB500 Paid up capital RMB500	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Shanghai Red Star Macalline Network Technology Company Limited (上海紅星美凱龍網絡技術有限公司)	E-commerce	PRC	Registered RMB30,000 Paid up capital RMB12,500	100	100
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海紅星美凱龍裝修公網絡技術有限公司)	E-commerce	PRC	Registered RMB30,000 Paid up capital RMB4,000	100	100
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	87	87
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	E-commerce	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	E-commerce	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Chengdu Red Star Ogioria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	Brand management	PRC	Registered RMB100,000 Paid up capital RMB1,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	Home design	PRC	Registered RMB38,000 Paid up capital RMB38,000	100	100
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	Site leasing management	PRC	Registered RMB39,000 Paid up capital RMB39,000	100	100
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	Management and consultancy	PRC	Registered RMB505,000 Paid up capital RMB5,000	100	100
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	Management and consultancy	PRC	Registered RMB505,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB0	100	100
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB120,000 Paid up capital RMB120,000	100	100
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	51	51

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	87	87
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB121,000 Paid up capital RMB121,000	100	100
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB25,000 Paid up capital RMB25,000	100	100
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	Site leasing management	PRC	Registered RMB210,000 Paid up capital RMB210,000	100	100
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	Investment management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	E-commerce	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	Investment management	PRC	Registered RMB200,000 Paid up capital RMB140,000	100	100
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB2,650,000 Paid up capital RMB2,650,000	100	100
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB180,000 Paid up capital RMB180,000	100	100
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司)	Network technology	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Shanghai Red Star Macalline Information Technology Company Limited (上海紅星美凱龍信息科技有限公司)	Investment management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	Loan service	PRC	Registered RMB600,000 Paid up capital RMB600,000	100	100
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	Import and export	PRC	Registered RMB5,000 Paid up capital RMB0	55	55

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	Investment management	PRC	Registered RMB30,000 Paid up capital RMB0	90	90
Shanghai Red Star Ogloria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	Brand management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB10,000	90	90
Shanghai Betterhome Industrial Company Limited (上海家倍得實業有限公司)	Construction decoration	PRC	Registered RMB2,000 Paid up capital RMB0	68	68
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB15,000	100	100
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	Site leasing management	PRC	Registered RMB139,622 Paid up capital RMB139,622	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB712,870 Paid up capital RMB712,870	100	100
Chongqing Xingkaiké Home Furnishing Company Limited (重慶星凱科家居有限公司)	Site leasing management	PRC	Registered RMB681,909 Paid up capital RMB671,909	100	100
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	Warehouse logistics	PRC	Registered RMB135,226 Paid up capital RMB135,226	100	100
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	Site leasing management	PRC	Registered RMB340,000 Paid up capital RMB340,000	100	100
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	Information science and technology development	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司)	Warehouse logistics	PRC	Registered RMB60,000 Paid up capital RMB58,000	100	100
Shanghai Red Star Macalline Exhibition service Company Limited (上海紅星美凱龍展覽服務有限公司)	Exhibition services	PRC	Registered RMB5,000 Paid up capital RMB2,250	55	55
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	51	51

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	Warehouse logistics	PRC	Registered RMB40,000 Paid up capital RMB40,000	100	100
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB0	100	100
Shanghai Red Star Macalline Construction and Decoration Design Company Limited (上海紅星美凱龍住建裝配設計有限公司)	Home design	PRC	Registered RMB5,000 Paid up capital RMB3,500	100	100
Shanghai Red Star Macalline Installation of Construction and Furnishing Materials Technology Company Limited (上海紅星美凱龍住建裝配科技有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB10,000	55	55
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB150,000 Paid up capital RMB150,000	100	100
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	Exhibition services	PRC	Registered RMB305,000 Paid up capital RMB305,000	100	100
Shanghai Hongyue Logistics Company Limited (上海宏岳物流有限公司)	Warehouse logistics	PRC	Registered RMB63,000 Paid up capital RMB63,000	60	60

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Ganzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司)	Construction decoration	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Nanchang Red Star Macalline Global Home Expo Center Company Limited (南昌紅星美凱龍環球家居博覽中心有限責任公司)	Site leasing management	PRC	Registered RMB365,000 Paid up capital RMB365,000	100	100
Tianjin Red Star Macalline Supply Chain Management Company Limited (天津紅星美凱龍供應鏈管理有限公司)	Supply chain management	PRC	Registered RMB63,000 Paid up capital RMB63,000	60	60
Shanghai Banlong Business Management Company Limited (上海阪龍商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB0	100	100
Nantong Longmei International Home Furnishing Company Limited (南通龍美國際家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB0	100	100
Beijing Xingmei Yongsheng Information Consultation Company Limited (北京星美永盛信息諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	70	70
Shanghai Guixv Enterprise Management Company Limited (上海歸翹企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB2,000 Paid up capital RMB2,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Red Star Macalline Life Aesthetics Center Management Company Limited (紅星美凱龍生活美學中心管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB23,730	95	95
Shanghai Red Star Macalline Home Decorating Company Limited (上海美凱龍裝飾工程集團有限公司)	Construction decoration	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB0	100	100
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	Site leasing management	PRC	Registered RMB96,000 Paid up capital RMB96,000	100	100
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	Construction decoration	PRC	Registered RMB200,000 Paid up capital RMB194,000	90	90
Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB0	100	100
Haikou Red Star Macalline Global Home Furnishing Company Limited (海口紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Hong Kong Red Star Macalline Business Management Company Limited (香港紅星美凱龍商業管理有限公司)	Enterprise management and consultancy	Hong Kong	Registered USD5,000 Paid up capital USD5,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Shanghai Jianliu Enterprise Management Co., Ltd (上海簡柳企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Macalline Aesthetic Decoration Engineering Company Limited (上海美凱龍美學裝飾工程有限公司)	Construction decoration	PRC	Registered RMB7,500 Paid up capital RMB7,500	80	80
Red Star Global Holdings Limited	Others	The British Virgin Islands	Registered USD50 Paid up capital USD50	100	100
Taiyuan Red Star Macalline Shimao Home Furnishing Company Limited (太原紅星美凱龍世貿家居廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB0	60	60
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB1,000 Paid up capital RMB0	100	100
Shanghai Enliu Enterprise Management Co., Ltd (上海蔥柳企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Bencheng Enterprise Management Company Limited (上海費程企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB668,900 Paid up capital RMB668,900	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍家居用品有限公司)	Proprietary sales	PRC	Registered RMB20,000 Paid up capital RMB17,000	54	54
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	Brand management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	Brand management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	Brand management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	60	60
Chongqing Liangjiang New Area Red Star Macalline Business Management Company Limited (重慶兩江新區紅星美凱龍商業管理有限公司)	Management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB0	100	100
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	Management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB7,300	100	100
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB20,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Beijing Yingchuang Shixun Technology Co., Ltd. (北京盈創時訊科技有限公司)	E-commerce	PRC	Registered RMB1,000 Paid up capital RMB0	100	100
Jade AG Logistics Investment (Hong Kong) Limited	Enterprise management and consultancy	Hong Kong	Registered HKD10 Paid up capital HKD10	100	100
Hefei Aiguang Logistics Co., Ltd. (合肥愛廣物流有限公司)	Warehouse logistics	PRC	Registered RMB120,000 Paid up capital RMB60,000	100	100
Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司)	Home design	PRC	Registered RMB60,000 Paid up capital RMB60,000	80	80
Shanghai Macalline Home Furnishing Technology Co., Ltd. (上海美凱龍美居科技有限公司)	Home design	PRC	Registered RMB200,000 Paid up capital RMB0	80	80
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	63	63
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB0	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Xiamen Red Star Macalline Expo Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍博覽家居廣場有限公司)	Home design	PRC	Registered RMB30,000 Paid up capital RMB0	100	100
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	Site leasing management	PRC	Registered RMB244,368 Paid up capital RMB244,368	100	100
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	Site leasing management	PRC	Registered RMB406,135 Paid up capital RMB377,257	88	88
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	98	98
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited (鄭州紅星美凱龍全球家居生活廣場經營管理有限公司)	Site leasing management	PRC	Registered RMB1,000 Paid up capital RMB1,000	60	60
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	Engineering design	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB534,818 Paid up capital RMB534,818	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司)	Home design	PRC	Registered RMB100,000 Paid up capital RMB76,316	68	68
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限責任公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	63	63
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	55	55
Shanghai Xingyijia Business Management Co., Ltd. (上海星藝佳商業管理有限公司)	Management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB0	100	100
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	100	100
Shanghai Zengmin Enterprise Management Company Limited (上海增敏企業管理有限公司)	Management and consultancy	PRC	Registered RMB100 Paid up capital RMB100	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB40,000 Paid up capital RMB40,000	62	62
Yongqing Yintong Construction and Development Co., Ltd. (永清銀通建設開發有限公司)	Industrial investment	PRC	Registered RMB50,000 Paid up capital RMB50,000	70	70
Yongqing Yintai Future Land Construction and Development Co., Ltd. (永清銀泰新城建設開發有限公司)	Industrial investment	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Suzhou Xingfeng Enterprise Management Consultation Company Limited (宿州市星豐企業管理諮詢有限公司)	Site leasing management	PRC	Registered RMB85,000 Paid up capital RMB85,000	100	100
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界家具家居廣場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際家具裝飾有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	100	100
Lianyungang Red Star Macalline International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	Site leasing management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際家具裝飾城有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	100	100
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾家具城有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	97	97
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB150,000 Paid up capital RMB150,000	100	100
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	Market company	PRC	Registered RMB20,000 Paid up capital RMB20,000	90	90
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (note 1(i)) (濟南紅星美凱龍世博家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB102,600 Paid up capital RMB102,600	70	70
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	60	60

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Changzhou Red Star Macalline Home Furnishing and Decorating Market Company Limited (常州紅星美凱龍裝飾家居用品市場有限公司)	Market company	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍家具裝飾市場經營管理有限公司)	Market company	PRC	Registered RMB3,000 Paid up capital RMB3,000	98	98
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	Investment management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	E-commerce	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB60,000 Paid up capital RMB60,000	75	75
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	Building construction	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	Investment management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際家具建材廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博家具廣場有限公司)	Site leasing management	PRC	Registered RMB29,990 Paid up capital RMB29,990	100	100
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍家具建材市場有限公司)	Market company	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博家具建材廣場有限公司)	Market company	PRC	Registered RMB2,000 Paid up capital RMB2,000	100	100
Baotou Red Star Macalline Home Furnishing Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Macalline Digital Technology Co., Ltd. (美凱龍數字科技有限公司)	E-commerce	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Guizhou Meican Management Co., Ltd. (貴州美餐管理有限公司)	Building construction	PRC	Registered RMB27,624 Paid up capital RMB27,624	100	100
Yangzhou Red Star Macalline Global Home Living Expo Company Limited (揚州紅星美凱龍全球博覽家居有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Zhejiang Red Star Macalline Commercial Management Co., Ltd. (浙江紅星美凱龍商業經營管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB0	100	100
Hangzhou Macalline Intelligent Industry Development Co., Ltd. (杭州美凱龍智能產業發展有限公司)	Enterprise management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Tianjin Yuanmi Management Company Limited (天津遠密企業管理諮詢有限公司)	Investment management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Shenzhen Xingke Smart Innovation Industry Development Company Limited (深圳星科智創產業發展有限公司)	Property management	PRC	Registered RMB1,000 Paid up capital RMB0	90	90
Shanghai Chentan Industry Co., Ltd. (上海宸檀實業有限公司)	New business form	PRC	Registered RMB5,100 Paid up capital RMB0	100	100
Jinjiang Red Star Macalline International Home Furnishing Company Limited (晉江紅星美凱龍國際家居有限公司)	Proprietary lease	PRC	Registered RMB30,000 Paid up capital RMB0	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Xiamen Red Star Macalline Commercial Operation Management Company Limited (廈門紅星美凱龍商業營運管理有限公司)	Investment management	PRC	Registered RMB1,000,000 Paid up capital RMB1,000,000	100	100
Suzhou Nihongsheng Enterprise Management Company Limited (蘇州尼紅盛企業管理有限公司)	Other	PRC	Registered RMB1,000 Paid up capital RMB0	100	100
Tibet Red Star Xizhao Enterprise Management Co., Ltd (西藏紅星喜兆企業管理有限公司)	Investment Management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Red Star Macalline Furniture Group (Shanghai) Logistics Co., Ltd (紅星美凱龍家居集團(上海) 物流有限公司)	Logistics Services	PRC	Registered RMB65,000 Paid up capital RMB48,880	60	60
Red Star Macalline Caesar Supreme (Shanghai) Furniture Co., Ltd (紅星美凱龍凱撒至尊(上海) 家居有限公司)	Self-employed sales	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Longzhihui (Shanghai) Facility Management Service Co., Ltd (龍之惠(上海) 設施管理服務有限公司)	Enterprise Management Consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Mercure Trading Co., Ltd (上海紅星美凱龍美居商貿有限公司)	Import and export business	PRC	Registered RMB5,000 Paid up capital RMB1,450	51	51
Shanghai Red Star Macalline Building Decoration (Group) Co., Ltd (上海紅星美凱龍建築裝飾(集團) 有限公司)	Construction Decoration	PRC	Registered RMB50,000 Paid up capital RMB12,000	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Jiangsu Star Yisheng Leasing Co., Ltd (江蘇星易盛租賃有限公司)	Architectural Decoration	PRC	Registered RMB50,000 Paid up capital RMB50,000	75	75
Redstar Macalline Caesar Supreme (Hainan) Home Technology Co., Ltd (紅星美凱龍凱撒至尊(海南)家居科技有限公司)	E-commerce	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Redstar Global Holdings Limited (Redstar Global Holdings Limited)	Others	The British Virgin Islands	Registered USD50 Paid up capital USD50	100	100
Redstar Home (Shanghai) Technology Co., Ltd (紅星到家(上海)科技有限公司)	E-commerce	PRC	Registered RMB200,000 Paid up capital RMB41,500	100	100
Redstar Macalline Expo (Tianjin) Home Life Plaza Co., Ltd (紅星美凱龍世博(天津)家居生活廣場有限公司)	Venue Rental Management	PRC	Registered RMB142,000 Paid up capital RMB142,000	100	100
Nanchang HomeBuilders Decoration Engineering Co., Ltd. (南昌家倍得裝飾工程有限公司)	Home Decoration Design	PRC	Registered RMB1,000 Paid up capital RMB910	60	60
Red Star Macalline Caesar Supreme (Hong Kong) Furniture Limited (紅星美凱龍凱撒至尊(香港) 家居有限公司)	Self-operated Sales	Hong Kong	Registered USD3,000 Paid up capital USD0	100	100
Chengdu Airport Junda Logistics Co., Ltd (成都空港駿達物流有限公司)	Warehousing & Logistics	PRC	Registered USD11,850 Paid up capital USD11,850	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Longzhihui (Changzhou) Facility Management Technology Co., Ltd (龍之惠(常州)設施管理科技有限公司)	Enterprise Management Consultancy	PRC	Registered RMB600 Paid up capital RMB600	100	100
Shanghai Hongxin Ou Kai Home Furnishing Co., Ltd (note 2(i)) (上海虹欣歐凱家居有限公司)	Venue Leasing Management	PRC	Registered RMB100,000 Paid up capital RMB100,000	50	50
Chengdu Changyi Red Star Macalline Home Furnishing Market Management Co., Ltd (note 2(ii)) (成都長益紅星美凱龍家居市場經營管理有限公司)	Venue Leasing Management	PRC	Registered RMB20,000 Paid up capital RMB20,000	50	50
Yintai (Yongqing) New City Investment Co., Ltd (銀泰(永清)新城投資有限公司)	Industrial Investment	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Qianzhi (Shanghai) Furniture Co., Ltd (乾智(上海)家居有限公司)	Self-employed Sales	PRC	Registered RMB5,000 Paid up capital RMB5,000	60	60
Xinsheng Property Management (Shanghai) Co., Ltd (鑫生物業管理(上海)有限公司)	Venue Leasing Management	PRC	Registered RMB48,977 Paid up capital RMB45,754	100	100
Changzhou Macalline International Computer & Home Appliances Decoration City Co., Ltd (常州美凱龍國際電腦家電裝飾城有限公司)	Venue Leasing Management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Shanhai Art Club Co., Ltd (上海山海藝術家俱有限公司)	Venue Leasing Management	PRC	Registered RMB242,550 Paid up capital RMB242,550	90	90

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2025 %	2024 %
Red Star Macalline Global (Beijing) Furniture & Building Materials Plaza Co., Ltd (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	Venue Leasing Management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Macalline Zunke Design & Engineering Co., Ltd. (note 2(iii)) (上海美凱龍尊科設計工程有限公司)	Home Furnishing Design	PRC	Registered RMB35,000 Paid up capital RMB35,000	46	46
Wuhu Yuancheyuqi Investment Centre (Limited Partnership) (蕪湖遠澈禦祺投資中心(有限合夥))	Investment Management	PRC	Registered RMB1,030,100 Paid up capital RMB1,030,000	100	100
Xiamen Xinmei Enterprise Management Consulting Co., Ltd (廈門信美企業管理諮詢有限公司)	Investment Management	PRC	Registered RMB1,000,000 Paid up capital RMB0	99	99
Red Star Macalline Green Energy (Shanghai) Technology Co., Ltd (紅星美凱龍綠能(上海)科技有限公司)	New Business	PRC	Registered RMB6,000 Paid up capital RMB0	100	100
Shanghai Jianmei Wisdom Auto Service Co., Ltd (上海建美智慧汽車服務有限公司)	New Business	PRC	Registered RMB10,000 Paid up capital RMB0	51	51
Tianjin Macalline Selection Home Technology Co., Ltd (天津美凱龍甄選家居科技有限公司)	New business	PRC	Registered RMB1,000 Paid up capital RMB0	100	100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

56. SUBSIDIARIES (continued)

Notes

- (1) Explanation of the proportion of shareholdings in subsidiaries different from the proportion of voting rights:
- (i) According to the relevant contract signed between the Company and Shandong Furong Group Company Limited, a shareholder of Jinan Red Star Macalline Shibo Home Living Plaza Company Limited, the housing buildings of the relevant co-operation project will, upon completion, be shared by Shandong Furong Group Company Limited in part of the housing property rights and be leased in for use by the Group. The lease term is for 10 years (from 2021 to 2030), Shandong Furong Group Company Limited obtains fixed rental returns and Shandong Furong Group Company Limited does not participate in the daily operation and management of Jinan Red Star Macalline Shibo Home Living Plaza Company Limited and other profit distribution. Pursuant to the relevant contractual agreements, the Group reclassified the capital contribution from Shandong Furong Group Company Limited to liabilities and did not treat it as an equity instrument.
 - (ii) Pursuant to the relevant contract signed between the Company and Beijing Chaoyang North Garden Agricultural and Industrial Company Limited ("Beijing Chaoyang North Garden"), a shareholder of Beijing Century Europe and America Business Investment Company Limited ("Beijing Europe and America Commercial"), Beijing Europe and America Commercial was contracted by the Group to operate Beijing Europe and America Commercial during the term of co-operation of the project, and fixed contracting profit was paid by the Group to Beijing Chaoyang North Garden from the date of the official commencement of the project after the expiry of 12 months. The term of co-operation is 50 years (from 2011 to 2060). Upon expiry of the co-operative operation term, all land, buildings and non-removable facilities of the project company shall be shared by the shareholders of both parties in proportion to their registered capital. Pursuant to the relevant contractual agreements, the Group reclassified the capital contribution from Beijing Chaoyang North Garden to liabilities and did not treat it as an equity instrument.
- (2) Basis for holding half or less of the voting rights but still controlling the investee and for holding more than half of the voting rights but not controlling the investee:
- (i) Shanghai Hongxin Ou Kai Home Furnishing Co., Ltd. has a five-member board of directors, with three directors appointed by the Group. According to the articles of association, board resolutions require approval by more than half of all directors. The Group is able to exercise control.
 - (ii) Chengdu Changyi Red Star Macalline Home Furnishing Market Management Co., Ltd. has a five-member board of directors, with three directors appointed by the Group. According to the articles of association, board resolutions require approval by more than half of all directors. The Group is able to exercise control.
 - (iii) Shanghai Macalline Zunke Design & Engineering Co., Ltd. has a five-member board of directors, with three directors appointed by the Group. According to the articles of association, board resolutions require approval by more than half of all directors. The Group is able to exercise control.

All the subsidiaries were incorporated/established in the PRC as a company with limited liability. The English translation are for translation purpose only and have not been registered.

Five-Year Financial Summary

	For the year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6,581,941	7,821,266	11,514,983	14,138,320	15,512,792
Net (loss)/profits	(25,866,680)	(3,727,843)	(2,570,418)	816,884	2,100,698
– Owners of the Company	(24,093,718)	(3,492,042)	(2,412,713)	678,566	1,963,619
– Non-controlling interests	(1,772,962)	(235,801)	(157,705)	138,318	137,079
Earnings per share					
– Basic and Diluted (RMB)	(5.53)	(0.80)	(0.55)	0.16	0.49

	As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
– Non-current assets	83,103,203	110,300,284	114,202,971	118,331,075	121,741,988
– Current assets	6,023,878	8,335,085	9,983,638	11,151,384	14,869,087
Total Assets	89,127,081	118,635,369	124,186,609	129,482,459	136,611,075
– Current liabilities	29,497,830	28,931,131	28,591,541	25,361,592	25,361,592
– Non-current liabilities	34,329,369	38,399,687	40,451,933	46,118,151	46,118,151
Total liabilities	63,827,199	67,330,818	69,043,474	71,479,743	71,479,743
Net assets	25,299,882	51,304,551	55,143,135	58,002,716	58,579,498
Total Equity	25,299,882	51,304,551	55,143,135	58,002,716	58,579,498
– Equity attributable to owners of the Company	23,862,333	48,198,250	51,832,394	54,446,965	54,951,294
– Non-controlling interests	1,437,549	3,106,301	3,310,741	3,555,751	3,628,204

The financial summary for the year from 2021 to 2025 were extracted from the Consolidated Financial Statement of the group prepared in accordance with the IFRSs.

Definitions

A Share Shareholder(s)	the holder(s) of the A Share(s)
Articles of Association	articles of association of Red Star Macalline Group Corporation Ltd.
associate(s)	has the meaning ascribed to it under the Stock Exchange Listing Rules
Board or Board of Directors	the board of directors of the Company
China Accounting Standards for Business Enterprises	the latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements
Connected Person(s)	has the meaning ascribed to it under the Stock Exchange Listing Rules
Controlling Shareholder(s)	has the meaning ascribed to it under the Stock Exchange Listing Rules
Corporate Governance Code	the Corporate Governance Code and Corporate Governance Report of Appendix C1 to Stock Exchange Listing Rules
CSRC	the China Securities Regulatory Commission
Director(s)	director(s) of the Company
H Share Shareholder(s)	the holder(s) of H Share(s)
H Share(s)	RMB-denominated overseas listed foreign ordinary share(s) issued outside mainland China by a company registered in China, listed for trading on the Hong Kong Stock Exchange, subscribed and traded in Hong Kong dollars
IFRS	International Financial Reporting Standard
Managed Shopping Mall(s)	shopping mall(s) managed under contract management agreements
Nanjing Mingdu	Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)
pipeline Portfolio Shopping Mall(s)	including the Portfolio Shopping Malls for which we have entered into definitive agreements with local government authorities, including land acquisition agreements with local government authorities and investment or cooperation agreements with partners
Portfolio Shopping Mall(s)	all of the following shopping malls: (1) shopping malls which are owned by the Company's holding subsidiaries; (2) the repurchased shopping malls; (3) shopping malls leased by the Company; (4) shopping malls for which the Company operate and consolidate their results of operation and pay the relevant property owners a fixed amount of annual fees (" fixed-fee Portfolio Shopping Malls "); (5) shopping malls held by the Company and associates or joint venture partners and operated by the Company " Joint Venture/Associate Portfolio Shopping Malls ". For the purpose of this report, we categorize the abovementioned (1) and (2) as "Self-owned Portfolio Shopping Malls" and the abovementioned (3), (4) and (5) as "Non-self-owned Portfolio Shopping Malls"

Definitions

Red Star Furniture Group	Red Star Furniture Group Limited (紅星傢俱集團有限公司)
Red Star Macalline, Stock Company, Company or Our Company, Group	Red Star Macalline Group Corporation Ltd. and its holding subsidiaries
Reporting Period	the period from 1 January 2024 to 31 December 2024
RMB	RMB (unless under special circumstances)
RMB-denominated ordinary shares, A Share(s)	ordinary shares listed on stock exchanges in the PRC, subscribed for and traded in Renminbi, with a nominal value of RMB1.00 each
RSM Holding or Substantial Shareholder	Red Star Macalline Holding Group Company Limited
Shareholder(s)	the A Share Shareholder(s) and the H Share Shareholder(s) of the Company
SSE Listing Rules	the Shanghai Stock Exchange Listing Rules
Stock Exchange	the Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company
Zhengzhou Red Star	Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)
Other Supplemental Agreements	new Contract Management Agreement entered into between the Company and Shaanxi Hongrui on 30 September 2022 with a fixed term of three years, and new Contract Management Agreements entered into between the Company and Xuzhou RSHFC, Xuzhou RSHFP on 30 December 2022, respectively, with a fixed term of three years

紅星美凱龍家居集團股份有限公司
Red Star Macalline Group Corporation Ltd.