ROYALE HOME HOLDINGS LIMITED
皇朝家居控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1198)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

RESULTS

The board of directors (the "Board") of Royale Home Holdings Limited (the "Company") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2026 (the "Reporting Period") together with the comparative figures for the corresponding period in 2025. The interim results for the Reporting Period had been reviewed by the audit committee of the Company and approved by the Board.

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	4	**99,124**	174,036
Cost of sales		**(92,539)**	(164,808)
Gross profit		**6,585**	9,228
Other income and gains	4	**49,814**	22,607
Selling and distribution expenses		**(32,803)**	(40,673)
Administrative expenses		**(56,629)**	(69,435)
Loss arising from change in fair value of investment properties		**(97,008)**	–
Provision for expected credit loss ("ECL") allowance of trade receivables, other receivables and contract assets		**(21,223)**	(5,349)
Provision for impairment of assets		**(20,087)**	(200)
Other expenses		**(23,165)**	(953)
Finance costs	5	**(97,625)**	(104,983)
Share of results of associates		**(90,185)**	(92,554)
Loss before income tax	6	**(382,326)**	(282,312)
Income tax credit	7	**4,318**	17,249
Loss for the period		**(378,008)**	(265,063)
Loss for the period attributable to:			
Owners of the Company		**(333,320)**	(268,587)
Non-controlling interests		**(44,688)**	3,524
		(378,008)	(265,063)
Loss per share attributable to owners of the Company	9		
Basic and diluted *(RMB cents)*		**(13.452)**	(10.839)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(378,008)**	(265,063)
Other comprehensive income/(loss)		
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of foreign operations	**4,994**	(10,946)
Items that will not be reclassified subsequently to profit or loss		
Translation from functional currency to presentation currency	**(1,707)**	(13,119)
Other comprehensive income/(loss) for the period, net of tax	**3,287**	(24,065)
Total comprehensive loss for the period	**(374,721)**	(289,128)
Total comprehensive loss attributable to:		
Owners of the Company	**(330,220)**	(292,708)
Non-controlling interests	**(44,501)**	3,580
	(374,721)	(289,128)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	**As at 30 June 2026** *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**483,054**	490,681
Investment properties		**453,108**	550,116
Intangible assets		**1,986**	2,309
Right-of-use assets		**211,583**	215,480
Goodwill		**3,952**	3,952
Investments in associates		**659,757**	749,942
Amounts due from associates		**1,132,178**	1,097,412
Deferred tax assets		**27,716**	37,245
Prepayments, deposits and other receivables		**73,582**	83,575
Restricted bank deposits		**500**	500
		3,047,416	3,231,212
Current assets			
Inventories		**193,167**	223,547
Trade receivables	10	**189,434**	204,658
Prepayments, deposits and other receivables		**306,945**	746,589
Contract assets		**428**	1,088
Restricted bank deposits		**11,123**	12,482
Cash and cash equivalents		**33,874**	78,299
		734,971	1,266,663

	Notes	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Current liabilities			
Trade payables	11	**111,439**	146,837
Other payables and accruals		**168,474**	152,948
Lease liabilities		**10,130**	8,980
Borrowings		**636,943**	710,237
Loan from the ultimate holding company		**22,792**	19,691
Loan from fellow subsidiaries		**100,206**	100,318
Loan from non-controlling interests		**51,890**	51,073
Tax payable		**60,490**	66,411
		1,162,364	1,256,495
Net current (liabilities)/assets		**(427,393)**	10,168
Total assets less current liabilities		**2,620,023**	3,241,380
Non-current liabilities			
Medium term bonds		**–**	42,390
Borrowings		**256,389**	148,527
Loan from the ultimate holding company		**1,733,216**	1,956,293
Loan from the immediate holding company		**198,770**	198,155
Loan from a fellow subsidiary		**25,015**	75,090
Lease liabilities		**10,208**	11,580
Deferred tax liabilities		**54,613**	69,931
Deferred government grants		**7,463**	30,344
		2,285,674	2,532,310
Net assets		**334,349**	709,070

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
Equity		
Share capital	**221,592**	221,592
Reserves	**19,640**	349,860
Equity attributable to owners of the Company	**241,232**	571,452
Non-controlling interests	**93,117**	137,618
Total equity	**334,349**	709,070

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

Going concern basis

The Group incurred a loss of approximately RMB378 million for the six months ended 30 June 2026 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB427 million, while its cash and cash equivalents amounted to RMB34 million. The above conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

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

(i) The Group's bank and other loans of RMB710 million are guaranteed by Science City (Guangzhou) Investment Group Co., Ltd.* ("Science City"). Science City has agreed to continue to act as the Group guarantor for the next twelve months on all their existing and new bank and other loans with an aggregated amount of not exceeding RMB2,000 million. Based on historical experience, the directors expect that the Group is able to renew all the bank and other loans with Science City's guarantee when they expire. As of 30 June 2026, the Group also has unpledged investment properties with carrying amount of approximately RMB453 million which are available for use as security to obtain new bank and other loans. Subsequent to the 30 June 2026, the Group has successfully renewed or obtained new bank and other loans of RMB40 million;

(ii) The Group will continue to seek suitable opportunities to disposal of certain equity interest in both associates and subsidiaries and other assets to raise the level of liquid funds; and

(iii) The Group will continue to implement measures to improve the operation performance, and to speed up the collection of outstanding sales proceeds and other receivables; and the Group will continue to take active measures to control costs and expense.

The Company has reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 30 June 2026. The directors are of the opinion that, taking into account the above-mentioned actions taken during the six months ended 30 June 2026 as well as the plans and measures to be implemented, the Group will have sufficient working capital to meet its financial obligations up to 30 June 2027.

* *For identification purposes only*

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) the successful obtaining continuous financing from the banks and the Group's creditors;

(ii) continuing guarantee provided from Science City;

(iii) successfully disposing of the Group's certain equity interest in both associates and subsidiaries and other assets when suitable; and

(iv) the successful and timely implementation of the plans to improve the operation performance, speed up the collection of outstanding sales proceeds and other receivables, and control costs and expense so as to generate adequate net cash inflows.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these interim condensed consolidated financial statements.

2. ADOPTION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the six months ended 30 June 2026 are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

The adoption of the amended HKFRS Accounting Standards had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

3. OPERATING SEGMENT INFORMATION

The chief operating decision-makers mainly include executive directors of the Company. They review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports. Segment results are evaluated based on reportable gross profit margin.

The Group has three reportable segments as follows:

(a) Manufacture and sale of home furniture.

(b) Development properties for sale and property investments.

(c) Hotel operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

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

For the six months ended 30 June 2026 (Unaudited)

	Manufacture and sale of furniture *RMB'000*	**Development properties for sales and property investments** *RMB'000*	**Hotel operations** *RMB'000*	**Total** *RMB'000*
Segment revenue				
Sale to external customers	**94,889**	**208**	**4,027**	**99,124**
Segment results	**(179,174)**	**(188,628)**	**(14,524)**	**(382,326)**

For the six months ended 30 June 2025 (Unaudited)

	Manufacture and sale of furniture *RMB'000*	Development properties for sale and property investments *RMB'000*	Hotel operations *RMB'000*	Total *RMB'000*
Segment revenue				
Sale to external customers	165,111	262	8,663	174,036
Segment results	(100,397)	(168,106)	(13,809)	(282,312)

No analysis of the Group's assets and liabilities is disclosed as such information is not provided to the chief operating decision-makers for review for the interim period.

Information about a major customer

No revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the period (30 June 2025: Nil).

Geographical information

As the majority of the Group's revenue and non-current assets were located in the People's Republic of China (the "PRC"), no related geographical information of revenue is presented.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of goods	**89,458**	142,766
Installation and other ancillary services	**5,639**	22,607
Hotel operation income	**4,027**	8,663
	99,124	174,036
Other income and gains		
Bank and other interest income	**34,070**	19,566
Foreign exchange differences, net	**1,714**	–
Government grants	**172**	665
Gain from derecognition of leases upon early termination	**289**	688
Gain on early redemption of bonds	**12,830**	–
Sales of scraps	**–**	1,127
Others	**739**	561
	49,814	22,607
	148,938	196,643

5. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings (including medium term bonds), loans from related parties and lease liabilities	**97,625**	104,983

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**92,539**	164,808
Depreciation	**18,381**	20,110
Amortisation of intangible assets	**323**	247

7. INCOME TAX CREDIT

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the Reporting Period (30 June 2025: Nil). The general enterprise income tax in the PRC is 25% (30 June 2025: 25%).

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC Corporate Income Tax		
– Current tax	**–**	–
– Adjustment in respect of current tax of previous periods	**(1,518)**	(40,694)
Deferred tax expense	**5,836**	57,943
Total income tax credit for the period	**4,318**	17,249

8. DIVIDENDS

No dividend has been declared and paid by the Company during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the Reporting Period attributable to owners of the Company, and the weighted average number of ordinary shares in issue less shares held under share award scheme during the Reporting Period of 2,477,871,326 (six months ended 30 June 2025: 2,477,871,326).

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 and 2025.

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company	**(333,320)**	(268,587)

	Number of shares Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue less shares held under the share award scheme during the period used in the basic and diluted loss per share calculation	**2,477,871,326**	2,477,871,326

10. TRADE RECEIVABLES

	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
– Third parties	**291,402**	302,746
– Related parties	**34,141**	27,504
	325,543	330,250
Less: ECL allowance	**(136,109)**	(125,592)
Trade receivables, net	**189,434**	204,658

The directors of the Group consider that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Trade receivables are mainly from sales of furniture and hotel operations. For sales of furniture, the Group's trading terms with its customers are mainly on credit, except for some new customers, where payment in advance is normally required. The credit period is generally 30 to 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. For hotel operations, payment is generally received in advance. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balance. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date, and net of ECL allowance, is as follows:

	As at 30 June 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Within 1 year	**101,720**	157,287
1 to 2 years	**54,886**	15,206
Over 2 years	**32,828**	32,165
	189,434	204,658

11. TRADE PAYABLES

	As at 30 June 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Trade payables		
– Third parties	**106,614**	143,389
– Related parties	**4,825**	3,448
	111,439	146,837

An aged analysis of the trade payables as at the end of the Reporting Period, based on invoice date, is as follows:

	As at 30 June 2026 *RMB'000* **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Within 1 month	**21,695**	41,689
1 to 3 months	**10,660**	43,697
3 to 6 months	**13,327**	6,274
6 to 12 months	**13,534**	19,442
More than 1 year	**52,223**	35,735
	111,439	146,837

The trade payables are non-interest-bearing and are normally settled for a period of 3 months extendable up to 1 year.

All amounts are short term and hence the carrying amounts of the Group's trade payables are considered to be a reasonable approximation of fair value.

12. CONTINGENT LIABILITIES

At the end of the Reporting Period, contingent liabilities not provided for in the financial statements were as follows:

	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Guarantees given to banks in connection with facilities granted to an associate	**333,000**	333,000

During the Reporting Period, the Group has pledged 40% (31 December 2025: 40%) equity interest in an associate, Guangzhou Gangke Real Estate Co., Ltd* ("Gangke"), to secure general banking facilities granted to Gangke.

In the opinion of the directors, as the applicable default rate was low as a result of stable financial conditions of Gangke, the fair value of the guarantees at initial recognition and the ECL allowance are not significant as at 30 June 2026 and 31 December 2025.

13. COMPARATIVE FIGURES

Certain comparative figures in these condensed consolidated financial statements were reclassified to conform to the current period's presentation.

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2026, the domestic macro-economy maintained stable operation, while the furniture and home furnishing industry as a whole remained in a consolidation phase. Demand for new-home furniture packages remained sluggish, leading to intensified market competition in the industry. As renovation of existing old homes, partial home retrofitting and quality-improvement home furnishing demand provided structural support, we witnessed steady growth in consumption demand for whole-house renovation, elder-friendly home furnishings, and green smart home products. From a medium-to-long-term perspective, the existing home renovation market will become the core growth driver of the industry, with whole-house integrated furnishing solutions, smart home products, elder-friendly products and overseas market layout offering ample development opportunities.

In June 2026, the Group was selected as one of the "Top 500 Most Valuable Brands in China" for the fifth consecutive year with a brand value of RMB30.875 billion, ranking 363rd in the list. A number of products of the Group have been successfully listed on the National Commercial Quality Monitoring and Service Platform, fully demonstrating the Group's product quality advantage. Against the backdrop of industry consolidation, the Group's brand value registered steady growth, reflecting recognition of the operational resilience and comprehensive strength of the Royale brand by the broad consumer base and capital market.

During the Reporting Period, the Group steadily advanced its globalization strategy by pushing forward the implementation of multi-regional and omni-channel overseas business layouts. In terms of the B-end engineering business, the Group deepened its presence in the core markets in Central Asia and Southeast Asia, and continued to secure commercial partnerships with local developers and hotel chain groups. In terms of the C-end retail channel, the Group steadily expanded its footprint, with preliminary establishment of online e-commerce channels in Southeast Asia and the United States. Preparatory work for the offline distribution cooperation system in Spain was carried out in an orderly manner. Meanwhile, the Group identified partners with local resource advantages to improve its overseas offline distribution network. In addition, the Group developed new overseas customers through diversified channels such as participation in international professional exhibitions and online digital marketing, continuously solidifying the foundation for long-term growth of its overseas business.

In terms of the home furnishing business, during the Reporting Period, the Group transformed the industry's consolidation phase into a strategic period for capacity building and consolidation, with an aim to comprehensively strengthen its operational foundation by focusing on product upgrade. On the channel front, the Group established a diversified traffic acquisition system, continuously advancing strategic collaborations with leading platforms such as JD Home and Suning.com to expand its online-and-offline integrated customer acquisition channels. Meanwhile, the Group focused on the development of new-media live-streaming and O2O localized operation models to precisely reach end consumers, injecting growth momentum into its channel network. On the operation and management front, the Group continued to drive internal efficiency enhancement, optimizing supply chain management and the order fulfillment system to shorten delivery lead times. The Group also comprehensively implemented digital upgrades across the entire value chain covering research and development, production and sales to establish a closed-loop data flow from front-end sales to back-end production, thereby improving overall operational efficiency and strengthening market responsiveness.

In terms of the industrial renovation business, during the Reporting Period, the Group continued to implement its strategy of focusing on the high-end segment of industrial renovation business, and accelerated the market-oriented transformation of this business segment, with the proportion of output value from external markets continuing to rise. Firstly, the Group deepened strategic collaborations with core clients, continuously strengthening strategic partnerships with core clients including major technology enterprises and renowned real estate groups. During the Reporting Period, the Group successfully developed several new product categories of apartment movable furniture and secured volume supply contracts, with the scale of project cooperation continuing to expand. The bidding process for the strategic procurement of leisure furniture has been completed. Secondly, the Group seized the development opportunities arising from urban renewal initiatives, advancing the development of sample projects for several key initiatives and engaging in commercial price negotiations, while actively pursuing decoration subcontracting business from large-scale infrastructure general contractors. Thirdly, the Group expanded its platform-based customer acquisition channels, adding several additional leading infrastructure general contractor accounts and securing key project awards. The Group continued to build a pipeline of supporting project resources in public healthcare facilities, high-end hotels and state-owned enterprises and public institutions, laying a solid foundation for business growth in the second half of the year. Leveraging its flexible manufacturing capabilities and integrated delivery capacity, the Group will continue to consolidate its competitive position in the high-end industrial renovation market.

During the Reporting Period, the Group recorded a revenue of approximately RMB99.12 million, while gross profit margin increased from 5.3% to 6.6%. The Group recorded loss for the Reporting Period attributable to the owners of the parent company of RMB333.32 million, as compared to loss for the reporting period attributable to the owners of the parent company of RMB268.59 million for the same period of last year. This was mainly attributable to the continued pressure on the domestic manufacturing sector and the relatively significant change in the fair value of the Company’s investment properties.

FINANCIAL REVIEW

Inventory and Prepayments, Deposits and Other Receivables

During the Reporting Period, the Group's inventory decreased by 14% to RMB193.17 million (31 December 2025: RMB223.55 million).

Prepayments, deposits and other receivables decreased by 59% to RMB306.95 million (31 December 2025: RMB746.59 million).

Working Capital

The Group had net current liabilities of RMB427.39 million as at 30 June 2026 (31 December 2025: net current assets of RMB10.17 million). The Group will continue to take initiatives to manage its cash flow and capital commitments.

PROSPECTS

Looking forward to the second half of 2026, the domestic home furnishing industry faces both opportunities and challenges. On the policy front, the government will continue to roll out favourable policies to boost home consumption, urban renewal, and elder-friendly renovation, providing policy support for the renovation of existing homes and the green integrated furnishing sectors, thereby laying a solid foundation for the industry's steady recovery. Meanwhile, marginal improvement in overseas home furnishing consumption demand presents structural opportunities for domestic and overseas business growth of the Group. However, multiple headwinds continue to weigh on the industry's development. In the absence of robust recovery in domestic demand for new-home furniture, homogeneous competition in the industry continues to intensify. Overseas markets face uncertainties, such as geopolitical dynamics, exchange rate fluctuations and longer localization and operational cycles. Leveraging its advantages in brand reputation, product offerings, industrial renovation and global channel networks, the Group will seize policy-driven opportunities and adopt a multi-pronged approach to mitigate cyclical downside risks, thereby driving steady and resilient operations across all business segments.

Prospects of the Group for the second half of the year: in terms of overseas operations, the Group will seize the window of opportunities brought by the global recovery in home furnishing demand, continuing to advance its globalization strategy. The Group will focus on emerging markets such as Central Asia and Southeast Asia to solidify its local project channel partnership and business foothold, while simultaneously advancing the development of its online e-commerce system in the U.S. and steadily rolling out its offline distribution network in Europe. Leveraging its mature product portfolio and brand influence, the Group will continue to implement localized marketing strategies and build local service and operation teams, enabling targeted market positioning and multi-channel synergistic development in regional markets. Through these efforts, the Group will continuously enhance its global brand recognition and overseas market share, positioning its overseas operations to gradually emerge as a core growth driver for the Group's business growth.

In terms of the industrial renovation business, the Group will pursue a dual-pronged strategy that emphasizes both deepening of existing accounts and the expansion of new growth areas. On the existing accounts front, the Group will continue to deepen strategic partnerships with high-quality core clients, including leading real estate developers and major technology enterprises, accelerate the execution and conversion of projects on hand, track key bidding milestones, and reinforce a long-term and stable business cooperation framework. On the new growth front, the Group will continue to seize opportunities arising from the urban renewal sector. By leveraging landmark projects to create demonstration effects, the Group will expedite sample project development and commercial negotiations for renovation and redevelopment projects, while deepening collaborative synergies with central state-owned construction enterprises and large-scale decoration general contractors to steadily expand its urban renewal project order book. Concurrently, the Group will continue to build a professional engineering client acquisition system, and facilitate the onboarding of top-tier infrastructure resources within the project portfolio. The Group will refine the collaboration mechanism for engineering agents, integrate government, corporate, and industrial resources, and broaden market-based and compliant customer acquisition channels, thereby further enhancing the market share and competitive strength of its industrial renovation business.

The home furnishing business will focus on product quality enhancement, channel efficiency improvement, and brand empowerment, continuously consolidating the retail foundation. On the product front, we will restructure the R&D system, introduce core professional talents, upgrade the product R&D and design system, establish a standardized product matrix, launch cost-effective best-selling products, optimize production processes and intelligent design systems, and integrate production and sales operation to achieve cost reduction and efficiency enhancement. On the channel front, we will mobilize both existing and new channel resources, implement differentiated support policies for stores, revitalize existing outlets, promote upgrades and renovations of legacy stores, advance the integrated development of tailor-made and ready-made businesses, continuously expand our quality distributor network, implement the large-order marketing model at the retail level, and solidify retail market share. Meanwhile, we will strengthen brand and outlet empowerment, carry out nationwide coordinated marketing campaigns on a regular basis, roll out standardized sales tools, and boost channel confidence through brand renewal and new product launches.

On the operation and management front, the Group will continue to advance its strategy of cost reduction and efficiency enhancement. By leveraging product standardization, process standardization and scaled-up production to support larger order volumes, we will effectively dilute fixed production costs and continuously optimize overall profitability. At the same time, the Company will steadily advance its work on debt optimization and quality enhancement as well as capital recovery, continuously improve the cash flow structure, and solidify the Group's financial position for steady operation, providing solid support for the long-term development of its business.

Overall, the current operating environment of the home furnishing industry remains complex and ever-changing, and the Group's development continues to face multiple challenges brought by market competition, industry cycles and the external environment. However, with the steady advancement of reforms in the domestic real estate industry and the continuous implementation of policies to stimulate home furnishing consumption, the industry has shown long-term trend toward standardised and quality-oriented development. The Group will continue to focus on its core businesses, consolidate its core competitive advantages, seize structural development opportunities in the industry, steadily optimize its business structure, and broaden its development boundaries, so as to achieve steady business operation and high-quality development, while striving to continuously enhance overall value and deliver returns to all shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and cash equivalents amounted to RMB33.87 million as at 30 June 2026 (31 December 2025: RMB78.30 million).

As at 30 June 2026, the interest-bearing bank and other borrowings amounted to RMB893.33 million (31 December 2025: RMB858.76 million), the Group had loan from the immediate holding company, loan from the ultimate holding company, loan from fellow subsidiaries and loan from minority shareholders in the total amount of RMB2,131.89 million (31 December 2025: loan from the immediate holding company, loan from the ultimate holding company, loan from fellow subsidiaries, loan from non-controlling interests, and medium term bonds were in the total amount of RMB2,443.01 million).

As of 30 June 2026, the Group's current ratio (current assets/current liabilities) was 0.63 times (31 December 2025: 1.01 times) and the net current liabilities amounted to RMB427.39 million (31 December 2025: net current assets of RMB10.17 million).

CAPITAL STRUCTURE

Save the redemption and repurchase of medium term bonds as disclosed in this announcement, there has been no material change in the capital structure of the Group during the Reporting Period.

PLEDGE OF ASSETS

As at 30 June 2026, the Group pledged (i) buildings and right-of-use assets which had aggregate carrying values of approximately RMB366,568,000 (31 December 2025: RMB375,039,000); (ii) certain machineries amounting to RMB13,721,000 (31 December 2025: RMB14,055,000); (iii) deposits in other receivables amounting to RMB28,075,000 (31 December 2025: RMB28,075,000) to secure certain bank and other borrowings granted to the Group; and (iv) 40% equity interest in an associate of approximately RMB447,100,000 (31 December 2025: RMB536,295,000) to secure general banking facilities granted to the associate.

GEARING RATIO

The gearing ratio which is defined as net debt divided by capital plus net debt was 93% as at 30 June 2026 (31 December 2025: 86%).

CONTINGENT LIABILITIES

During the Reporting Period, the Group has provided guarantees of RMB333,000,000 and pledged 40% of equity interest in an associate to secure general banking facilities granted to the associate.

EMPLOYMENT AND REMUNERATION POLICY

The total number of employees of the Group as at 30 June 2026 was approximately 682 (31 December 2025: 748). The Group’s remuneration policies are in line with local market practices where the Group operates and are normally reviewed on an annual basis. In addition to salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. Share awards may be granted to eligible employees and persons of the Group as the Company sees fit as an incentive to eligible participants to contribute to the business development and growth of the Group.

Significant investments, acquisitions and disposals

Particulars of significant investments in associates held by the Group as at 30 June 2026 are set out as follows:

Name	Principal activity	Percentage of equity interest held	Carrying amount 30 June 2026	Carrying amount 31 December 2025	Percentage to the Group's total assets as at 30 June 2026
			RMB'000	*RMB'000*	
Guangzhou Fu Yue Design Company Limited	Design services	50%	64,251	65,460	1.70%
Sky Walk Limited	Investment	42.42%	107,247	107,247	2.84%
Gangke	Real estate	40%	447,100	536,295	11.82%

The Group did not make any material acquisition or disposal of subsidiaries, associated companies and joint ventures as well as any significant investments during the Reporting Period.

Future plans for material investments or acquisition of capital assets

Apart from those disclosed in this announcement, the Group had no other future plans for material investments or acquisition of capital assets as at 30 June 2026.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no other significant events subsequent to the Reporting Period and up to the date of this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions under Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Reporting Period except for the following deviation:

Code Provision C.2.1 of the CG Code stipulates that the roles of the Chairman of the Board and the Chief Executive Officer (the "CEO") should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman and the CEO should be clearly stated.

During the Reporting Period, Mr. Lin Ruhai concurrently took both the positions as Chairman and CEO, and was responsible for the corporate strategic planning and overall business development of the Group. Mr. Lin Ruhai has extensive experience and his duties of overseeing the Group's operations are considered to be beneficial to the Group. The Company considers having Mr. Lin Ruhai acting as both Chairman and CEO would provide strong and consistent leadership to the Group and facilitate the efficient execution of business strategies within the Group. Since the directors will meet regularly to consider major matters affecting the operations of the Company, the directors and the management of the Company believe that this structure will enable the Company to make and implement decisions promptly and efficiently. As a result, the Company currently does not propose to separate the functions of Chairman and CEO. The Board will continue to review and consider splitting the roles of Chairman and CEO at a time when it is appropriate and suitable after taking into account the circumstances of the Group as a whole.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

AUDIT COMMITTEE REVIEW

The accounting information in the interim results for the Reporting Period has not been audited by the auditors of the Company, but the audit committee of the Company has reviewed the financial results of the Group for the six months ended 30 June 2026 and discussed with internal audit executives the matters on internal control and financial reports of the Group. The audit committee of the Company has not undertaken external independent audit checks regarding the interim results for the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the code of conduct for dealings in securities of the Company for compliance by the directors and relevant employees in accordance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules. The Company, having made specific enquiry, confirms that members of the Board have complied with the Model Code throughout the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

On 5 February 2026, the Company carried out early redemption of three issued medium term bonds at a total redemption price of RMB1,750,000. On 13 February 2026, the Company entered into a sale and purchase agreement to repurchase the 0.1% bonds due in 2064 with a principal amount of HK$670,000,000 for a total consideration of RMB27,750,000. The repurchased bonds constitute 100% of the outstanding issued bonds as at the date thereof, and have been cancelled after completion of the repurchase. Save as disclosed above, neither the

Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's other securities (including sales of treasury shares (as defined in the Listing Rules)) during the six months ended 30 June 2026.

As at 30 June 2026, the Company did not hold any treasury shares.

PUBLICATION OF INTERIM REPORT

The 2026 interim report of the Company, which contains condensed consolidated financial statements for the six months ended 30 June 2026, and all other information required under Appendix D2 to the Listing Rules will be disseminated to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://royale.todayir.com) in due course.

By order of the Board
Royale Home Holdings Limited
Lin Ruhai
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 27 August 2026

As at the date of this announcement, the Board comprises one executive director, namely, Mr. Lin Ruhai (Chairman); four non-executive directors, namely, Mr. Wu Zhongming, Ms. Yang Ying, Mr. Liang Junfeng and Mr. Yan Weihao; and three independent non-executive directors, namely, Mr. Lau Chi Kit, Mr. Yue Man Yiu Matthew and Mr. Chan Wing Tak Kevin.