Red Star Macalline Group Corporation Ltd.

紅星美凱龍家居集團股份有限公司

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

(Stock Code: 1528)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of Red Star Macalline Group Corporation Ltd. (the "**Company**" or "**Red Star Macalline**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**" or "**we**") for the six months ended 30 June 2026 (the "**Reporting Period**" or "**1H 2026**"), together with comparative figures for the six months ended 30 June 2025 (the "**1H 2025**").

FINANCIAL HIGHLIGHTS

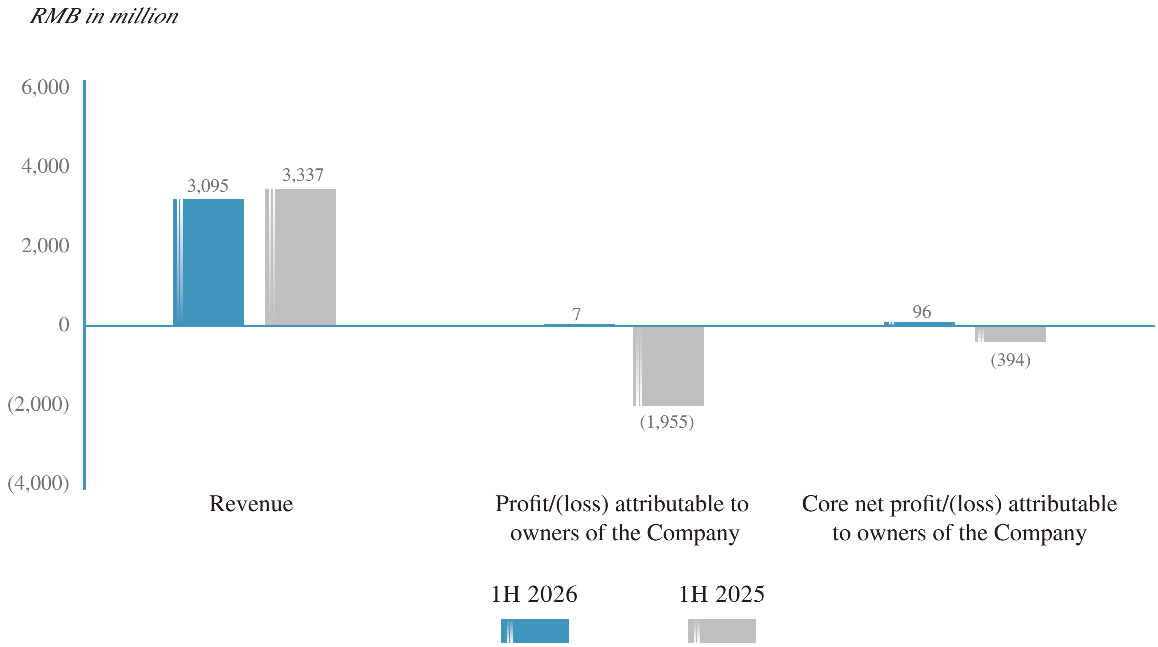
	Six months ended 30 June	
	2026	2025
	(RMB'000, except otherwise stated)	
	(Unaudited)	(Unaudited)
Revenue	**3,094,685**	3,337,076
Gross profit	**2,142,265**	2,210,002
Gross profit margin	**69.2%**	66.2%
Profit/(loss) for the period	**18,771**	(2,108,206)
Profit/(loss) attributable to owners of the Company	**6,981**	(1,954,786)
Profit/(loss) margin attributable to owners of the Company	**0.2%**	-58.6%
Core net profit/(loss) attributable to owners of the Company(2)	**96,148**	(393,939)
Core net profit/(loss) margin attributable to owners of the Company(3)	**3.1%**	-11.8%
Earnings/(loss) per share (Basic and diluted)	**RMB0.00**	RMB(0.45)

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

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

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

KEY FINANCIAL PERFORMANCE INDICATORS



OPERATIONAL HIGHLIGHTS

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

	As at 30 June 2026	As at 30 June 2025
Number of shopping malls	**283**	311
Operating area of shopping malls (sq.m.)	**17,848,512**	19,361,762
Number of cities covered	**178**	189
Number of Portfolio Shopping Malls	**72**	76
Operating area of Portfolio Shopping Malls (sq.m.)	**7,207,954**	7,490,428
Average occupancy rate of Portfolio Shopping Malls	**86.9%**	84.2%
Number of Managed Shopping Malls	**211**	235
Operating area of Managed Shopping Malls (sq.m.)	**10,640,559**	11,871,334
Average occupancy rate of Managed Shopping Malls	**78.4%**	81.3%

Note:

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*4*	**3,094,685**	3,337,076
Cost of sales and services		**(952,420)**	(1,127,074)
Gross profit		**2,142,265**	2,210,002
Other income	*5*	**38,070**	72,575
Other gains or losses, net	*6*	**23,380**	9,011
Selling and distribution expenses		**(261,262)**	(366,320)
Administrative expenses		**(537,641)**	(596,225)
Research and development expenses		**(987)**	(3,247)
Change in fair value of investment properties, net	*12*	**(234,200)**	(2,274,001)
Impairment losses under expected credit loss model, net of reversal		**(48,658)**	(116,365)
Share of results of associates, net		**61,455**	70,911
Share of results of joint ventures, net		**10,629**	18,298
Finance cost	*7*	**(1,024,171)**	(1,095,295)
Profit/(loss) before tax		**168,880**	(2,070,656)
Income tax expense	*8*	**(150,109)**	(37,550)
Profit/(loss) for the period	*9*	**18,771**	(2,108,206)

	Notes	Six months ended 30 June **2026** ***RMB'000*** **(Unaudited)**	 2025 *RMB'000* (Unaudited)
Other comprehensive loss			
Item that will not be reclassified to profit or loss:			
Changes in fair value of other equity instrument investments		**(73,788)**	(186,018)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences from translation of financial statements		**(1,384)**	(189)
Other comprehensive loss, net of tax		**(75,172)**	(186,207)
Total comprehensive loss for the period		**(56,401)**	(2,294,413)
Profit/(loss) for the period attributable to:			
Owners of the Company		**6,981**	(1,954,786)
Non-controlling interests		**11,790**	(153,420)
		18,771	(2,108,206)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company		**(67,976)**	(2,140,993)
Non-controlling interests		**11,575**	(153,420)
		(56,401)	(2,294,413)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) (RMB per share)	*11*	**0.00**	(0.45)

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			
Non-current assets			
Investment properties	*12*	**73,546,800**	74,119,800
Property, plant and equipment		**1,863,468**	1,973,368
Right-of-use assets		**654**	1,775
Intangible assets		**36,599**	42,716
Interests in associates		**1,788,590**	1,584,049
Interests in joint ventures		**787,168**	782,066
Financial instruments at fair value through profit or loss ("**FVTPL**")		**92,875**	93,400
Financial instruments at fair value through other comprehensive income ("**FVTOCI**")		**380,301**	508,784
Deferred tax assets		**2,546,049**	2,534,914
Loan receivables		**207,897**	216,940
Restricted bank deposits		**359,634**	412,930
Deposits, prepayment and other receivables		**684,246**	832,461
Total non-current assets		**82,294,281**	83,103,203
Current assets			
Inventories		**26,422**	25,927
Loan receivables		**1,107,876**	1,100,792
Financial instruments at FVTPL		**216**	112
Accounts receivable	*13*	**445,081**	449,348
Notes receivable		**164**	278
Contract assets		**264,624**	411,207
Deposits, prepayment and other receivables		**1,085,161**	1,227,754
Bank balances and cash		**3,141,975**	2,808,460
Total current assets		**6,071,519**	6,023,878
Total assets		**88,365,800**	89,127,081

	Notes	As at 30 June 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000 (Audited)
Current liabilities			
Trade and other payables	*14*	**20,154,286**	17,811,179
Rental and service fee received in advance		**510,843**	624,055
Contract liabilities		**474,140**	575,123
Tax payables		**176,492**	183,321
Lease liabilities		**483,483**	555,163
Bank and other borrowings	*15*	**8,693,658**	9,676,448
Other current liabilities		**71,568**	72,541
Total current liabilities		**30,564,470**	29,497,830
Net current liabilities		**(24,492,951)**	(23,473,952)
Total assets less current liabilities		**57,801,330**	59,629,251
Non-current liabilities			
Deferred tax liabilities		**9,355,012**	9,428,323
Bank and other borrowings	*15*	**20,380,488**	21,716,059
Lease liabilities		**1,514,056**	1,614,677
Other payables		**369,577**	440,966
Deferred income		**151,727**	154,688
Contract liabilities		**329,003**	341,504
Other non-current liabilities		**597,854**	633,152
Total non-current liabilities		**32,697,717**	34,329,369
Net assets		**25,103,613**	25,299,882
Equity			
Share capital	*16*	**4,353,688**	4,354,733
Reserves		**19,440,669**	19,507,600
Equity attributable to owners of the Company		**23,794,357**	23,862,333
Non-controlling interests		**1,309,256**	1,437,549
Total equity		**25,103,613**	25,299,882

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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 (the "**Director(s)**") 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 were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in June 2015 and the A shares of the Company were listed on the Shanghai Stock Exchange in January 2018.

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

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

2. BASIS OF PREPARATION

2.1 Basis of measurement

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

The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2025 as set out in the annual report of the Company, which have been prepared in accordance with IFRS Accounting Standards.

2.2 Going concern

The Group had net current liabilities of RMB24,492,951 thousand as at 30 June 2026.

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

– The management had assessed the going concern of the Group for the 12 months starting from 1 July 2026, and after taking into account unutilised bank facilities granted to the Group and the Group's expected operating cash inflows and financing arrangements as of 30 June 2026, believed that the liquidity risks that the Group is exposed to due to the fact that it has net current liabilities at 30 June 2026 fall within the range of controllable risks, and thus will not have a material impact on the going concern and financial position of the Group.

– Continuing to negotiate with banks and financial institutions for financing.

The Directors are therefore of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies/changes in accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

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

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

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

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

4. SEGMENT INFORMATION AND REVENUE

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

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

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

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

Others: this segment derives revenue from providing other comprehensive services 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. Segment profit/(loss) represents the profit/(loss) earned/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 losses under expected credit loss model, share of results of associates, share of results of joint ventures, finance costs, central administrative expenses and income tax 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 segments 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.

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

	Owned/ Leased Portfolio Shopping Malls *RMB'000*	Managed Shopping Malls *RMB'000*	Construction and decoration services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Six months ended 30 June 2026 (Unaudited)					
Segment revenue from external customers	**2,381,678**	**507,218**	**30,752**	**175,037**	**3,094,685**
Segment profit/(loss)	**1,261,923**	**92,185**	**(36,538)**	**33,723**	**1,351,293**
Unallocated:					
Other income					**38,070**
Other gains or losses, net					**23,380**
Central administrative expense					**(7,931)**
Research and development expenses					**(987)**
Change in fair value of investment properties, net					**(234,200)**
Impairment losses under expected credit loss model, net of reversal					**(48,658)**
Share of results of associates, net					**61,455**
Share of results of joint ventures, net					**10,629**
Finance cost					**(1,024,171)**
Profit before tax					**168,880**

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

The revenue of sales set out as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**663,716**	861,311
Rental and related revenue	**2,430,969**	2,475,765
	3,094,685	3,337,076

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

	Managed Shopping Malls *RMB'000*	**Construction and decoration services** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Six months ended 30 June 2026 (Unaudited)				
Primary geographical markets				
Chinese Mainland	**507,218**	**30,752**	**125,746**	**663,716**
Timing of revenue recognition				
A point in time				
Revenue from sales of goods	**–**	**–**	**2,445**	**2,445**
Other revenues	**–**	**11,969**	**6,922**	**18,891**
Over-time				
Revenue from operation and management services	**507,218**	**–**	**–**	**507,218**
Revenue from decoration, construction and design services	**–**	**18,783**	**–**	**18,783**
Other revenues	**–**	**–**	**116,379**	**116,379**
Total	**507,218**	**30,752**	**125,746**	**663,716**

	Managed Shopping Malls *RMB'000*	Construction and decoration services *RMB'000*	Others *RMB'000*	Total *RMB'000*
Six months ended 30 June 2025 (Unaudited)				
Primary geographical markets				
Chinese Mainland	609,371	103,613	148,327	861,311
Timing of revenue recognition				
A point in time				
Revenue from sales of goods	–	5,038	6,721	11,759
Other revenues	–	15,539	27,022	42,561
Over-time				
Revenue from operation and management services	609,371	–	–	609,371
Revenue from decoration, construction and design services	–	83,036	–	83,036
Other revenues	–	–	114,584	114,584
Total	609,371	103,613	148,327	861,311

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	
	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
The PRC	**78,592,073**	79,211,604
The Cayman Islands	**35,467**	35,467
	78,627,540	79,247,071

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income on		
– bank deposits	**2,602**	5,028
– other loans and receivables	**15,197**	15,765
Total interest income	**17,799**	20,793
Government grants	**7,209**	32,194
Subsidy for land supporting expense and subsidy for gas-fired air conditioning equipment	**2,962**	2,962
Dividend income from financial instruments at FVTOCI	**3,856**	3,564
Dividend income from financial instruments at FVTPL	**12**	7,483
Income from default compensation	**1,242**	941
Income from project termination	**4,990**	4,638
	38,070	72,575

6. OTHER GAINS OR LOSSES, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/Gain on disposal of associates and joint ventures	**(46,525)**	12,300
Gain on derecognition of subsidiaries	**88,236**	–
Gain on disposal of financial instruments at FVTPL	**–**	5,093
Gain on disposal of property, plant and equipment	**3,355**	13,567
Loss on disposal of intangible assets	**(3,122)**	–
Gain/(loss) on lease modification	**643**	(10,485)
Fair value change on financial instruments at FVTPL	**–**	(53,849)
Compensation expenses	**(11,796)**	(4,954)
Written off of property, plant and equipment	**(596)**	(900)
Exchange gain	**1,007**	4,294
Others	**(7,822)**	43,945
	23,380	9,011

7. FINANCE COST

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**990,899**	1,006,536
Interest on lease liabilities	**33,272**	41,082
Interest on bonds	**–**	47,677
	1,024,171	1,095,295

8. INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Income tax expenses/(credit) comprise:		
Current tax:		
PRC enterprise income tax	**123,293**	105,713
Deferred tax – current period	**26,816**	(68,163)
Income tax expenses	**150,109**	37,550

9. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Staff costs (including directors emoluments)		
Salaries and other benefits	**698,685**	778,325
Retirement benefits scheme contributions	**67,041**	80,270
Total staff costs	**765,726**	858,595
Cost of inventories recognised as an expense	**559**	8,060
Depreciation of property, plant and equipment	**65,902**	77,263
Depreciation of right-of-use assets	**1,419**	1,489
Amortisation of intangible assets	**11,723**	13,695
Advertising and promotional expenses	**150,336**	222,904
Gross rental income from investment properties	**(2,430,969)**	(2,475,765)
Less: Direct operating expenses incurred for investment properties	**583,412**	599,278
	(1,847,557)	(1,876,487)

10. DIVIDEND

The Board resolved that no interim dividend will be declared in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share as of 30 June 2026 and 2025 is based on the following data:

	Six months ended 30 June	
	2026	2025
	RMB	*RMB*
	(Unaudited)	(Unaudited)
Basic and diluted earnings/(loss) per share	**0.00**	(0.45)

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

There were no dilutive potential ordinary shares outstanding for the six months ended 30 June 2026 (Six months ended 30 June 2025: nil). Accordingly, the diluted earnings/(loss) per share is the same as basic earnings/(loss) per share for the six months ended 30 June 2026 and 2025.

As of 30 June 2026 and 2025, the calculation of basic and diluted earnings/(loss) per share is detailed as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(loss)		
Net profit/(loss) for the period attributable to owners of the Company (RMB'000)	**6,981**	(1,954,786)
Number of the ordinary shares		
Weighted average number of the ordinary shares of the Company ('000)	**4,354,335**	4,354,733

12. INVESTMENT PROPERTIES

	Completed Investment properties *RMB'000*	Properties under construction *RMB'000*	Leased properties *RMB'000*	Total *RMB'000*
Fair value				
As at 1 January 2025 (Audited)	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
Lease modification	–	–	(236,644)	(236,644)
Disposals	(22,831)	–	–	(22,831)
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 and 1 January 2026 (Audited)	**66,236,799**	**6,341,000**	**1,542,001**	**74,119,800**
Additions	**–**	**37,659**	**–**	**37,659**
Lease modification	**–**	**–**	**(1,635)**	**(1,635)**
Transfer from property, plant and equipment and properties under construction	**73,024**	**–**	**–**	**73,024**
Disposals	**(36,648)**	**–**	**(7,200)**	**(43,848)**
Derecognition of subsidiaries *(note 18)*	**(404,000)**	**–**	**–**	**(404,000)**
Changes in fair value	**(77,375)**	**(24,659)**	**(132,166)**	**(234,200)**
As at 30 June 2026 (Unaudited)	**65,791,800**	**6,354,000**	**1,401,000**	**73,546,800**

13. ACCOUNTS RECEIVABLE

	As at 30 June 2026 ***RMB'000*** **(Unaudited)**	As at 31 December 2025 *RMB'000* (Audited)
Accounts receivable	**2,053,885**	1,980,193
Less: provision of expected credit loss	**(1,608,804)**	(1,530,845)
	445,081	449,348

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

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
Within 1 year	**467,156**	415,138
1 to 2 years	**148,627**	150,151
2 to 3 years	**199,409**	248,301
Over 3 years	**1,238,693**	1,166,603
Less: provision of expected credit loss	**(1,608,804)**	(1,530,845)
	445,081	449,348

14. TRADE AND OTHER PAYABLES

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
Trade payables *(note a)*	**815,031**	962,350

Note:

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

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
Within 1 year	**428,770**	409,207
1 to 2 years	**146,280**	129,997
2 to 3 years	**127,190**	213,529
Over 3 years	**112,791**	209,617
	815,031	962,350

15. BANK AND OTHER BORROWINGS

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
Bank and other borrowings:		
Secured	**21,371,271**	23,737,426
Unsecured	**–**	10,012
Commercial mortgage-backed securities	**7,702,875**	7,645,069
	29,074,146	31,392,507
Less: Current portion	**(8,693,658)**	(9,676,448)
Non-current portion	**20,380,488**	21,716,059
Fixed-rate borrowings	**12,334,633**	14,435,932
Floating-rate borrowings	**16,739,513**	16,956,575
	29,074,146	31,392,507

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
The borrowings are repayable:		
Within one year or on demand	**8,693,658**	9,676,448
More than one year but not exceeding two years	**7,019,440**	5,234,551
More than two years but not exceeding five years	**8,803,476**	11,986,536
More than five years	**4,557,572**	4,494,972
	29,074,146	31,392,507
Less: Amount due within one year shown under current liabilities	**(8,693,658)**	(9,676,448)
Amount due after one year	**20,380,488**	21,716,059

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

	As at 30 June 2026	As at 31 December 2025
	%	%
	(Unaudited)	(Audited)
Bank borrowings:		
Fixed rate bank borrowings	**3.00-7.00**	3.00-7.00
Floating rate bank borrowings	**2.80-6.35**	3.10-6.35

The floating rate is based on the Loan Prime Rate (LPR) published by the People's Bank of China.

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

16. SHARE CAPITAL

The movements to the Company's issued share capital during the period ended 30 June 2026 are as follows:

	Number of H Shares	**Number of A Shares**	**Share capital**
	'000	***'000***	***RMB'000***
As at 1 January 2025, 31 December 2025, 1 January 2026 (audited)	**741,286**	**3,613,447**	**4,354,733**
Cancellation of repurchased shares and reduction of registered capital *(note)*	**–**	**(1,045)**	**(1,045)**
As at 30 June 2026 (unaudited)	**741,286**	**3,612,402**	**4,353,688**

All shares issued are of par value RMB1.

Note:

The Company convened the fiftieth extraordinary meeting of the fifth session of the Board and the 2026 first extraordinary general meeting on 19 December 2025 and 16 January 2026, respectively, at which the resolution on the cancellation of repurchased A Shares and reduction of registered capital was considered and approved. Pursuant to the resolution, the Company cancelled the 1,044,800 A shares held in its dedicated repurchase securities account on 22 April 2026 and reduced its registered capital accordingly.

17. COMMITMENTS

	As at 30 June 2026 *RMB'000* (Unaudited)	As at 31 December 2025 *RMB'000* (Audited)
Contracted but not provided for in the condensed consolidated financial statements:		
Capital expenditure in respect of acquisition and construction of investment properties	**692,671**	714,280
Investment commitments	**43,318**	69,225
	735,989	783,505

18. DERECOGNITION OF SUBSIDIARIES

(a) Deregistration of subsidiaries

Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司), Shanghai Red Star Macalline Information Technology Co., Ltd. (上海紅星美凱龍信息科技有限公司), and Zhejiang Red Star Macalline Commercial Operation and Management Co., Ltd. (浙江紅星美凱龍商業經營管理有限公司) were deregistered during the period ended 30 June 2026.

(b) Liquidation of subsidiaries

Shanghai Zhen Duocai Trading Co., Ltd. (上海甄多采商貿有限公司), Shanghai Zhen Duocai Decoration Technology Engineering Design Co., Ltd. (上海甄多采裝科工程設計有限公司), and Shanghai Zhen Duocai Intelligent Decoration Construction Engineering Co., Ltd. (上海甄多采智裝建築工程有限公司) were liquidated during the period ended 30 June 2026.

(c) Loss of control over subsidiaries

In addition, as the Group ceased its operational and management control over Chengdu Changyi Red Star Macalline Home Furnishings Market Operation and Management Co., Ltd. (成都長益紅星美凱龍家居市場經營管理有限公司) ("**Chengdu Changyi**"), it consequently lost control over the entity. The remaining equity interest held by the Group over Chengdu Changyi was classified as interests in associates upon loss of control.

MANAGEMENT DISCUSSION AND ANALYSIS

– FINANCIAL REVIEW

1. Revenue

During the Reporting Period, the Group's revenue amounted to RMB3,094.7 million, representing a decrease of 7.3% from RMB3,337.1 million in the same period in 2025. During the Reporting Period, the rental and related income of our Portfolio Shopping Malls decreased by 2.8%. This was mainly because the home retail market entered a period of deep restructuring with intensified competition in the existing market, and the Group has continuously implemented rent and management fee reductions to stabilise and retain its tenants. At the same time, the Group 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. During the Reporting Period, the revenue from our Managed Shopping Malls decreased by 16.8% as compared to the same period in 2025, mainly due to the decrease in the number of Managed Shopping Malls. Meanwhile, the revenue from construction and decoration services has declined by 70.3% as compared to the same period in 2025, mainly due to the decrease in the number of construction projects and the slow-down of the project progress, leading to the decrease of settlements.

The following table sets forth our revenue by segments:

	For the six months ended 30 June			
	2026 (Unaudited)		2025 (Unaudited)	
	RMB'000	***%***	*RMB'000*	*%*
Owned/Leased Portfolio Shopping Malls	**2,381,678**	**77.0**	2,450,706	73.4
Managed Shopping Malls	**507,218**	**16.4**	609,371	18.3
Construction and decoration services	**30,752**	**1.0**	103,613	3.1
Others	**175,037**	**5.6**	173,386	5.2
Total	**3,094,685**	**100.0**	3,337,076	100.0

2. Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit was RMB2,142.3 million, representing a decrease of 3.1% from RMB2,210.0 million in the same period in 2025; the Group's integrated gross profit margin was 69.2%, representing an increase of 3.0 percentage points from 66.2% in the same period in 2025, mainly due to the increase of different degrees in gross profit margin of Managed Shopping Malls and other businesses as compared with the same period of the previous year.

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

	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Owned/Leased Portfolio Shopping Malls	**75.5%**	75.5%
Managed Shopping Malls	**45.7%**	43.2%
Construction and decoration services	**6.4%**	5.4%
Others	**62.9%**	51.7%
Total	**69.2%**	66.2%

3. Selling and distribution expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to RMB261.3 million (accounting for 8.4% of the revenue), representing a decrease of 28.7% from RMB366.3 million (accounting for 11.0% of the revenue) for the same period in 2025, which was primarily due to the decrease in expenses such as advertising and promotional expenses in the 1H 2026.

4. Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB537.6 million (accounting for 17.4% of the revenue), representing a decrease of 9.8% from RMB596.2 million (accounting for 17.9% of the revenue) in the same period in 2025, which was primarily due to the decrease in expenses such as staff costs and professional service fees in the 1H 2026.

5. Finance cost

During the Reporting Period, the Group's finance cost amounted to RMB1,024.2 million, representing a decrease of 6.5% from RMB1,095.3 million in the same period in 2025, which was primarily due to the further decrease in relevant financing costs during the Reporting Period.

6. Income tax

During the Reporting Period, the income tax expenses of the Group amounted to RMB150.1 million, representing an increase of 299.2% from income tax expenses RMB37.6 million in the same period in 2025, which was mainly due to the increase in deferred tax expenses during the Reporting Period.

7. Total profit/(loss) for the period attributable to owners of the Company, core net profit/(loss) attributable to owners of the Company and earnings/(loss) per share

During the Reporting Period, total profit for the period attributable to owners of the Company amounted to RMB7.0 million, representing an increase of 100.4% from the total loss for the period attributable to owners of the Company of RMB1,954.8 million in the same period in 2025; the core net profit attributable to owners of the Company amounted to RMB96.1 million, representing an increase of 124.4% from the core net loss attributable to owners of the Company of RMB393.9 million in the same period in 2025.

	For the six months ended 30 June		
	2026	2025	Increase/Decrease
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Total profit/(loss) for the period attributable to owners of the Company	**6,981**	(1,954,786)	100.4%
Profit/(loss) margin for the period attributable to owners of the Company	**0.2%**	-58.6%	58.8%
Core net profit/(loss) attributable to owners of the Company	**96,148**	(393,939)	124.4%
Core net profit/(loss) margin attributable to owners of the Company	**3.1%**	-11.8%	14.9%

During the Reporting Period, the Group's earnings per share were RMB0.00, as compared to loss per share of RMB0.45 in the same period of 2025.

8. Accounts receivable

As of the end of the Reporting Period, the book value of accounts receivable of the Group amounted to RMB445.1 million (including the balance of accounts receivable of RMB2,053.9 million and the bad debt allowance of RMB1,608.8 million), representing a decrease of RMB4.2 million from RMB449.3 million as at the end of 2025.

9. **Investment properties and loss on fair value changes**

As of the end of the Reporting Period, the book value of the Group's investment properties amounted to RMB73,546.8 million, representing a decrease of RMB573.0 million from RMB74,119.8 million as at the end of 2025. During the Reporting Period, the Group recorded a decrease in properties of RMB404.0 million due to derecognition of subsidiaries and incurred fair value change losses of RMB234.2 million. This was mainly due to the increase in the Group's merchant retention and support incentives aimed at sustaining their operations during the Reporting Period.

10. **Capital expenditure**

During the Reporting Period, the Group's capital expenditure amounted to RMB123.3 million (the same period in 2025: RMB137.9 million), which mainly includes purchase expenditure of investment properties and construction development expenditure. The expenditure in 2026 decreased by 10.6% as compared with the same period in 2025, mainly because the Group has effectively controlled capital expenditures during the Reporting Period.

11. **Bank Balances and Cash and Cash Flow**

As of the end of the Reporting Period, the cash and bank balances of the Group amounted to RMB3,142.0 million (of which, the balance of cash and cash equivalents amounted to RMB3,122.1 million), representing an increase of RMB333.5 million from RMB2,808.5 million (of which, the balance of cash and cash equivalents amounted to RMB2,788.6 million) as at the end of 2025 (of which, cash and cash equivalents increased by RMB333.5 million).

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash flow generated from operating activities	**882,934**	201,887
Net cash flow generated from/(used in) investment activities	**16,538**	(946,418)
Net cash flow (used in)/generated from financing activities	**(565,622)**	814,594
Impact of exchange rate changes on cash and cash equivalents	**(335)**	(32)
Net increase in cash and cash equivalents	**333,515**	70,031

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB882.9 million, representing an increase in net inflow of RMB681.0 million from a net cash inflow of RMB201.9 million in the same period of 2025, mainly due to the decrease in operating cash outflow during the Reporting Period.

During the Reporting Period, the Group's net cash inflow from investment activities amounted to RMB16.5 million, representing an increase in net inflow of RMB962.9 million from a net cash outflow of RMB946.4 million in the same period of 2025. It was primarily due to the cash paid for the acquisition of subsidiaries in the previous reporting period.

During the Reporting Period, the Group's net cash outflow from financing activities amounted to RMB565.6 million, representing an increase in net outflow of RMB1,380.2 million from a net cash inflow of RMB814.6 million in the same period of 2025, mainly due to the decrease in cash inflows from financing activities during the Reporting Period.

12. Major debt ratios

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Asset-liability ratio[(1)]	**71.6%**	71.6%
Net gearing ratio[(2)]	**111.3%**	121.6%

Notes:

(1) Asset-liability ratio is calculated as the total liabilities divided by total assets as at the end of each period.

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

13. Collateralized and pledged assets

As of the end of the Reporting Period, the Group had collateralized/pledged investment properties and fixed assets with a total book value of RMB63,137.5 million, and interests in joint ventures and restricted cash and bank balances with a total book balance of RMB187.2 million for obtaining loans, and the balance of such loans is RMB30,284.2 million; the Group's restricted cash and bank with a balance of RMB334.9 million mainly represented frozen funds and others.

14. Contingent liabilities

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

15. Financial resources

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

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

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

17. Capital commitment

As of the end of the Reporting Period, the amount of capital expenditure in respect of the acquisition and development of investment properties which the Group has contracted for but not recognized in the financial statements was RMB692.7 million. In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contributing funds for development of investment properties jointly with the partners amounted to RMB43.3 million.

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

19. Significant investments

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

20. Human resources

As of the end of the Reporting Period, the Group had 8,197 employees (the same period in 2025: 10,037 employees). The Group entered into labor contracts with employees according to the Labor Law of the People's Republic of China and the relevant provisions of the employee's locality. The Group will determine the employees' basic wage and bonus level according to the employees' performance, work experience and the market wage standard, and shall pay social insurance and housing provident fund for the employees. During the Reporting Period, the Group paid a total of RMB765.7 million for salary expenditure (the same period in 2025: RMB858.6 million). Meanwhile, the Group also kept investing resources to provide various education and training opportunities for its employees, aiming to standardize the management work and improve the operation performance, and continuously improved the knowledge and technical competence as well as professional practice competence of the employees.

21. During the Reporting Period, the Company continuously optimized its shopping mall layout and product category mix, strengthened the refined operations management of its core Portfolio Shopping Malls, and persistently advanced organizational optimization and cost control. During the Reporting Period, the aggregate amount of operating costs, selling expenses, and administrative expenses fell sharply year-on-year, and its profitability and cash flows position improved significantly. Meanwhile, according to data from the National Bureau of Statistics, housing price indicators continued to show marginal improvement in May 2026, and the market valuation of investment properties stabilized. During the Reporting Period, the loss from changes in the fair value of investment properties and the impairment loss on related assets narrowed substantially year-on-year. The profit attributable to owners of the Company turned from loss to profit.

As of 30 June 2026, the Company operated 72 Portfolio Shopping Malls with an average occupancy rate of 86.9%, 211 Managed Shopping Malls under different levels of management involvement with an average occupancy rate of 78.4%, and 6 home furnishing shopping malls through strategic cooperation. In addition, the Company authorized 16 franchised home improvement material projects by way of franchising, which included a total of 331 home improvement material stores/ industry streets.

During the Reporting Period, the Company continuously implemented the "3+Star Eco-Strategy" and upgraded its business formats.

In terms of the electrical appliance business, its full-year plan is to complete the upgrade of the first batch of MEGA-E Smart Electric Oasis malls (hereinafter referred to as "MEGA-E") in 13 core cities nationwide. It intends to upgrade 40 locations and open 100 city flagship stores in the next three years. In the 1H 2026, the Company opened two MEGA-E stores, namely the first MEGA-E in Southwest China at Chongqing's Supreme Mall and the MEGA-E Xinxiang's Muye Square. As far as scenario innovation is concerned, a matrix of six innovative scenarios has taken initial shape. MEGA-E introduced six innovative scenarios regarding Smart Life (潮電薈), audio-visual world, kitchen space, Ecolife, elderly care and wellness, and zero-carbon green energy. Among them, the three category collection scenarios of Smart Life (潮電薈), audio-visual world, and Ecolife made their national debut in Chongqing in May.

In terms of the home decoration business format, the Company released a new "30+10+1" business strategy in the first half of this year, under which the Company will build 30 city flagship M+ High-End Home Improvement Design Centers, launch 10 material libraries, and establish 1 national designer club platform to reconstruct the home decoration industry ecosystem through design. As of the end of the Reporting Period, 26 model malls were established nationwide, attracting over 1,800 design studios and collaborating with more than 4,700 outstanding designers. Since its launch until the end of the Reporting Period, the M+ mini-program has accumulated over 8,300 designers and driven sales of RMB310 million. The goal for 2026 is to achieve full coverage of "one mall, one M+", building the largest home decoration design service network in China.

In respect of the new retail furniture business, the rollout of benchmark venues has been accelerated. As of the end of the Reporting Period, the total operating area for new retail furniture nationwide stood at 266,000 sq.m., and this business segment ranked first among all categories of the Group in terms of growth in the operating area from 2024 to 2025. The Company intends to launch 20 benchmark venues covering an area of more than 5,000 sq.m. in cities including Beijing, Tianjin, Chengdu, and Wuhan. According to its plan, the total operating area for new retail furniture category across the shopping malls nationwide will exceed 300,000 sq.m. by the end of 2026.

Moreover, the Company continuously explored pan-home furnishing and medium-to-high-frequency lifestyle offerings to enrich its product matrix. During the Reporting Period, the Company completed the creation of a model for the food court store format upgrade of its No. 1 store mall on Zhenbei Road, Shanghai; strengthened cooperation with major chains such as Starbucks and McDonald's; newly expanded into the human-pet co-living category and introduced brands to establish a foothold; and advanced pilot projects for elderly care, outdoor activity, and dining in an orderly manner in model malls. In the 1H 2026, it opened 7 first stores in China, 8 first Red Star Macalline stores, and 77 latest store formats across China, strengthening customer traffic attraction capabilities through scenario innovation, the first-store effect, and the improvement of supporting functions.

The Company strengthened its risk control system and advanced training programs on the application of merchant operation files, achieving a basic information maintenance rate of 80.1% for high-risk merchants and 73.9% for all merchants. The operation of the membership mini-program was further enhanced, a member benefits guide was released, and "Super Member Day" events were organized on a monthly basis. It launched AI customer service in 47 Portfolio Shopping Malls, and fully activated the mobile payment function of the mini-program. In the first half of the year, 393,000 new members were recruited, a year-on-year increase of 50%. The target achievement rate was 65.5%, and 215,000 members were converted. The Company launched the "Shang Hu Tong" (merchant connect) system, aiming to build an omni-channel operation system that empowers merchant operations by aggregating online omni-channel traffic. It covers 8 major functions including merchants' daily commodities, operations, and services. This system covered 197 malls in the 1H 2026.

From the perspective of marketing and branding, national planning expenses decreased by 13% from the prior year, while investment in customer acquisition increased by 4% year-on-year, achieving precise resource allocation and cost efficiency improvement. The brand ambassador was present at an exclusive offline event in Shenyang, which attracted 10,200 onsite visitors and 250,000 online livestream views. The topic went viral across multiple platforms, ranking 2nd on Shenyang's city-wide trending list, 6th on the entertainment trending list, and 12th on the national trending list. This garnered a total of 1.45 billion reads and 21.68 million reposts, comments, and likes. The Company adopted a "one store, one policy" approach across its 100 malls, taking into account city tiers, competitive landscape, and platform hotspot cities to confirm operational channels with regional teams. It developed SOPs for Douyin operations and SOPs for Amap/Meituan operations. It optimized the performance-based commission system and established property marketing evaluation dimensions, laying the foundation for developing omni-domain traffic operation capabilities.

22. 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, achieving 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 bundling, scenarization, and home living department store-ization, reshaping the attractiveness of stores, optimizing merchant operations and conversion efficiency, and connecting the "content-traffic-monetization" chain.

3. Deeply cultivating the existing market to accurately capture improvement needs, deploying front-end 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 closedloop 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 fullecosystem services.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. The Company has conducted specific enquiries to all Directors and all Directors have confirmed that they had complied with the provisions and required standards set out in the Model Code during the six months ended 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2026, the Group did not purchase, sell or redeem any of the Company's listed securities (including the sale of any treasury shares). As at 30 June 2026, the Company did not have any treasury shares.

CANCELLATION OF TREASURY A SHARES AND REDUCTION OF REGISTERED CAPITAL

The Company convened the fiftieth extraordinary meeting of the fifth session of the Board and the 2026 first extraordinary general meeting on 19 December 2025 and 16 January 2026, respectively, at which the Resolution on the Cancellation of Repurchased A Shares and Reduction of Registered Capital was considered and approved, agreeing to cancel the 1,044,800 A shares held in the dedicated securities account for repurchase and reduce the Company's registered capital accordingly. Upon application by the Company, the 1,044,800 repurchased but unused treasury A shares were cancelled at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 22 April 2026. After completion of the cancellation, the total share capital of the Company was reduced from 4,354,732,673 shares to 4,353,687,873 shares. For details, please refer to the announcement of the Company dated 22 April 2026 published in the designated media in the PRC, and the announcement dated 21 April 2026 and the Next Day Disclosure Return dated 22 April 2026 published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk).

INTERIM DIVIDEND

The Board does not recommend payment of dividend for the six months ended 30 June 2026.

PUBLIC ISSUANCE OF A SHARES AND USE OF PROCEEDS

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

Analysis of the use of proceeds from issuance of A shares as of 30 June 2026 is as follows:

Unit: RMB'000

Total amount of funds raised	3,222,450
Issuance expense	172,442
Net funds raised	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 Wanjiang Shopping Mall Project	164,145	164,145	–	–	164,145	–	Fully invested
	Harbin Songbei Shopping Mall Project	294,809	294,809	–	–	294,809	–	Fully invested

Proposed investment projects		Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Total investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
	Urumqi Convention and Exhibition Mall Project(2)(3)	669,084	666,733	–	–	666,733	–	Fully invested
	Changsha Jinxia Shopping Mall Project(2)(3)	190,000	163,181	16,943	–	146,238	16,943	Concluded. 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
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 the Company's interest-bearing debts		350,000	350,000	–	–	350,000	–	Fully invested
Permanent working capital replenishment(3)		–	311,893	–	–	311,893	–	Fully invested
Total		3,050,008	3,050,008	17,067	–	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 has been terminated after the approval of the shareholders at the 2023 annual general meeting, and the remaining proceeds from the aforesaid projects are used to permanently replenish 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 permanently replenish working capital.

(3) As of 30 June 2026, 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 Intelligent 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. For details, please refer to the announcements of the Company dated 3 May 2020, 3 June 2020, 23 June 2020, 19 April 2021, 18 May 2021, 21 October 2021 and 1 April 2024 and the circulars of the Company dated 3 June 2020, 26 April 2021 and 29 April 2024. The Company has utilized the net proceeds in accordance with the purposes as disclosed.

An analysis of the use of the proceeds from the non-public issuance of A shares as of 30 June 2026 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)*	**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.

Proposed investment projects		Total planned investment *(RMB'000)*	Total adjusted investment amount *(RMB'000)*	Balance of the investment amount as at the beginning of the Reporting Period *(RMB'000)*	Investment amount utilized during the Reporting Period *(RMB'000)*	Investment amount utilized as at the end of the Reporting Period *(RMB'000)*	Balance of the investment amount as at the end of the Reporting Period *(RMB'000)*	Remarks
Home Furnishing Shopping Mall Construction Project	Foshan Lecong Shopping Mall Project[2]	1,000,000.0	1,000,000.0	800,000.0	–	200,000.0	800,000.0[2]	Discontinued (suspended). Due to the relatively early stage of the construction of Foshan Lecong Shopping Mall Project, as considered at the 2023 annual general meeting, the Company discontinued (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 extend 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:

(1) 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 projects are used to permanently replenish 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 permanently replenish working capital.

(2) 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. For the foregoing expected time, the Company will obtain the approval of the Board and the shareholders at a general meeting of the Company in accordance with the requirements of the Procedures for the Administration of Proceeds.

(3) The difference between the totals in the above table is due to rounding.

(4) As at 30 June 2026, the proceeds from the 2020 non-public issuance of approximately RMB845.4 million shall be used for permanent working capital replenishment.

(5) The expected timetable for use of the balance of the investment amount is based on the Board's best estimate of the market conditions of business and is subject to change in the light of market conditions. The Company will publicly disclose changes in the timetable, if any, as and when appropriate in accordance with the requirements of the relevant rules in order to update its Shareholders and potential investors.

EVENTS AFTER THE REPORTING PERIOD

Proposed Termination of Certain Fund-raising Investment Projects and Permanent Supplement of Working Capital with the Remaining Proceeds

Taking into account its own operating conditions, strategic repositioning and the efficiency of the use of proceeds, and other factors, the Company proposes to use its own funds to pay the outstanding balance of the "Changsha Jinxia Shopping Mall Project" and the "New Intelligent Home Furnishing Shopping Mall Project", both of which are fund-raising investment projects under the initial public offering of A Shares (hereinafter referred to as the "**Fund-raising Investment Projects**"). The Company also proposes to terminate the "Foshan Lecong Shopping Mall Project" and the "Nanning Dingqiu Shopping Mall Project", both of which are fund-raising investment projects under the 2020 non-public issuance, and to apply the unutilised proceeds from the corresponding fund-raising investment projects to permanently replenish the Company's working capital, which will be directly and fully utilized for the repayment of the shareholder loan provided by Xiamen C&D Inc., a substantial shareholder of the Company (the actual amount is subject to the balance of the designated account on the date the funds are transferred out). The proposed adjustment is subject to the approval of the shareholders at a general meeting of the Company to be held in due course.

For details, please refer to the announcements disclosed by the Company on the designated domestic media and the website of the Shanghai Stock Exchange dated 31 July 2026 and on the website of the Hong Kong Stock Exchange at http://www.hkexnews.hk dated 30 July 2026.

REVIEW OF INTERIM RESULTS

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

The Audit Committee has reviewed the interim results announcement for the six months ended 30 June 2026 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.chinaredstar.com). The Company's 2026 interim report containing the information as required by the Listing Rules will be dispatched to shareholders of the Company who require hard copies and published on the website of the Hong Kong Stock Exchange and on the website of the Company in due course.

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

Shanghai, the PRC
28 August 2026

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