



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

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



2024
ANNUAL REPORT

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Company Profile

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

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

As a nationwide home improvement and furnishing shopping mall operator in China, the Company has a wide geographic coverage, a large number of malls and a large area of operational premises. As at the end of the Reporting Period, the Company operated 77 Portfolio shopping malls, 257 Managed Shopping Malls with varying degrees of management depth and 7 home furnishing shopping malls through strategic cooperation. In addition, the Company opened 33 franchised home improvement material projects, including a total of 405 home improvement material stores/industry streets. The Company's Portfolio shopping malls and Managed Shopping Malls spread over 202 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 20,325,659 sq.m., and the Company's shopping malls have a branded inventory of more than 41,000 brands. The Company's strong brand influence, management's extensive industry experience and national distribution network system give the Company an absolute leading edge in China's steadily growing home improvement and furnishing retail industry.

The Group constantly shoulders the responsibility of "building cozy and harmonious homes and improving quality of shopping and home life". The Group will continue to follow the operational management mode of "market-oriented operation and shopping mall-based management" to provide customers with better and more professional services, so as to consolidate our leading position in the market as well as the professional status of "Red Star Macalline" as an expert of home life in our customers' minds, to pursue our enterprise development goal of growing into China's most advanced and professional "omni-channel platform service provider for the pan-home improvement and furnishings industry".

Corporate Information

BOARD OF DIRECTORS

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

Executive Directors

Mr. LI Yupeng (*Chairman*)

Mr. CHE Jianxing

Mr. SHI Yaofeng

Mr. YANG Yingwu

Non-executive Directors

Mr. ZHENG Yongda

Mr. ZOU Shaorong

Mr. LI Jianhong

Mr. SONG Guangbin

Ms. XU Di

Independent Non-executive Directors

Mr. XUE Wei

Mr. HUANG Jianzhong

Mr. CHEN Shanang

Mr. WONG Chi Wai

Mr. CAI Qinghui

SUPERVISORS

Mr. CHEN Jiasheng (*Chairman*)

Ms. MA Chenguang

Mr. TANG Rongzhen

Mr. WANG Shouyi

AUDIT COMMITTEE

Mr. XUE Wei (*Chairman*)

Mr. HUANG Jianzhong

Mr. ZOU Shaorong

REMUNERATION AND EVALUATION COMMITTEE

Mr. HUANG Jianzhong (*Chairman*)

Mr. WONG Chi Wai

Mr. ZHENG Yongda

NOMINATION COMMITTEE

Mr. CHEN Shanang (*Chairman*)

Mr. CAI Qinghui

Mr. HUANG Jianzhong

Mr. ZHENG Yongda

Mr. CHE Jianxing

STRATEGY AND INVESTMENT COMMITTEE

Mr. LI Yupeng (*Chairman*)

Mr. ZHENG Yongda

Mr. ZOU Shaorong

Mr. CHE Jianxing

Mr. SHI Yaofeng

Mr. LI Jianhong

Mr. HUANG Jianzhong

JOINT COMPANY SECRETARIES

Ms. QIU Zhe

Ms. NG Sau Mei

AUTHORIZED REPRESENTATIVES

Mr. YANG yingwu

Ms. QIU Zhe

REGISTERED OFFICE

Suite F801, 6/F

No. 518, Linyu Road

Pudong New District

Shanghai

The PRC

HEADQUARTERS IN THE PRC

Red Star Macalline Headquarter

No. 2/5, Lane 1466, Shenchang Road

Minhang District

Shanghai

The PRC

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

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

LEGAL ADVISORS

As to Hong Kong and United States law

Linklaters
11/F, Alexandra House
Chater Road
Central
Hong Kong

As to the PRC law

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

AUDITOR

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

CL Partners CPA Limited
3203A-5, Tower 2, Lippo Centre
89 Queensway
Central
Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China

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

China Minsheng Bank Corp., Ltd.

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

Bank of Communications

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

STOCK CODES

Hong Kong Stock Exchange: 1528
Shanghai Stock Exchange: 601828

COMPANY'S WEBSITE

www.chinaredstar.com

Financial and Operational Highlights

FINANCIAL HIGHLIGHTS

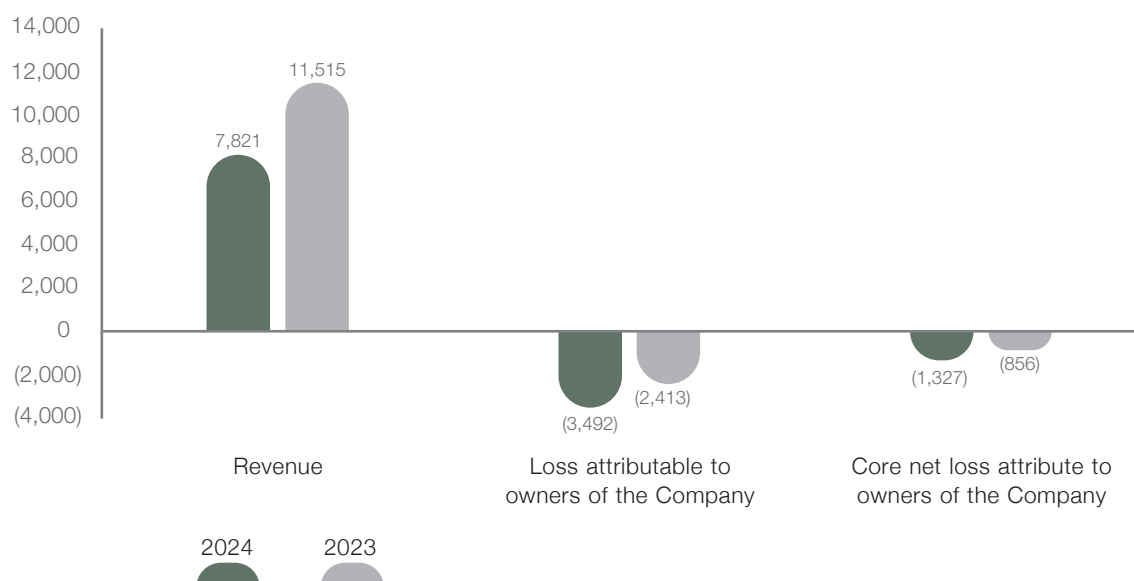
	For the year ended 31 December	
	2024	2023
	(RMB'000, except otherwise stated)	
Revenue	7,821,266	11,514,983
Gross profit	4,987,001	7,033,253
Gross profit margin	63.8%	61.1%
Loss for the year	(3,727,843)	(2,570,418)
Loss attributable to owners of the Company	(3,492,042)	(2,412,713)
Loss margin attributable to owners of the Company	-44.6%	-21.0%
Core net loss attributable to owners of the Company ⁽²⁾	(1,327,428)	(856,433)
Core net loss margin attributable to owners of the Company ⁽³⁾	-17.0%	-7.4%
Loss per share (Basic and diluted)	RMB(0.80)	RMB(0.55)
Dividend per share (tax inclusive)	RMB nil	RMB nil

Notes:

- (1) In the event of any inconsistency between the Chinese version and the English version of this report, the Chinese version shall prevail.
- (2) Core net loss attributable to owners of the Company represents the loss attributable to owners of the Company after deducting the after-tax effects of changes in fair values of investment properties, other income, other gains and losses and other expenses etc., which are not related to daily operating activities.
- (3) Core net loss margin attributable to owners of the Company represents the ratio of core net loss attributable to owners of the Company divided by revenue.

KEY FINANCIAL PERFORMANCE INDICATORS

RMB million



Financial and Operational Highlights

OPERATIONAL HIGHLIGHTS

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

	As at 31 December 2024	As at 31 December 2023
Number of shopping malls	334	362
Operating area of shopping malls (sq.m.)	20,325,659	21,724,717
Number of cities covered	202	215
Number of Portfolio Shopping Malls	77	87
Operating area of Portfolio Shopping Malls (sq.m.)	7,512,689	7,984,656
Average occupancy rate of Portfolio Shopping Malls	83.0%	82.8%
Number of Managed Shopping Malls	257	275
Operating area of Managed Shopping Malls (sq.m.)	12,812,969	13,740,061
Average occupancy rate of Managed Shopping Malls	82.5%	85.7%

Note:

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

Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to all Shareholders the results report of the Company and its subsidiaries (the “**Group**” or “**we**”) for the year ended 31 December 2024 (the “**Reporting Period**”): in 2024, we achieved the revenue of RMB7,821 million, and the loss attributable to owners of the Company amounted to RMB3,492 million.

In 2024, the global economy forged ahead amidst both recovery and turbulence. Due to the increasing complexity of the geopolitical landscape and the intertwined technological innovation and industrial transformation, there were both unprecedented challenges and opportunities for breakthrough and renewal. During the year, China rolled out a series of favorable policies on real estate and consumption, injecting a strong impetus into the home furnishing industry. In 2024, the Company actively adjusted its strategies and the layout of mall categories, including promoting the “3+Star” Eco-Strategy, business format integration and scenario innovation; leveraging the favorable “trade-in” policies for consumer goods to stimulate end-user consumption demand; focusing digital intelligence upgrade and ensuring the effective implementation of core business strategies; facilitating omni-channel marketing upgrade to drive strategic transformation of mall operations; and strengthening efforts to support the merchants and revitalize the operations activities of merchants. As of the end of the Reporting Period, the Company operated 77 Portfolio Shopping Malls, 257 Managed Shopping Malls with varying degrees of management depth, 7 shopping malls through strategic cooperation, 33 franchised home improvement material projects, including a total of 405 home improvement material stores/industry streets.

The Company consistently prioritized shareholder returns and shared its growth with shareholders. In view of the fact that the net profit attributable to the shareholders of the Company was negative in 2024 and the Company has not achieved profitability, on the premise of ensuring normal operations and long-term development of the Company, the Board of the Company, while taking into account the sustainable development plan, profitability, operating plan and capital arrangements of the Company, and in accordance with relevant laws, and regulations and the Articles of Association, the final dividend distribution proposal of the Company for 2024 is that: there will be which no cash dividend will be distributed and no capital reserve will be converted into share capital in 2024.

CONSTANTLY DEEPENING THE “3+STAR” ECO-STRATEGY AND TRANSFORMING INTO AN INTEGRATED HUB FOR PEOPLE, AUTOMOTIVE AND HOME LIFESTYLE

As the home improvement and furnishings market transitioned from rapid growth to stable growth and structural adjustment stage, the renovations of stock housing have become the main source of demand, with more fragmented consumer traffic. With “home” as its core, the Company has extended its business from home furnishings to include home appliances and home decoration. These three sectors are interconnected as extensions, entry points, and growth drivers for jointly creating quality products, excellent services, and innovative scenario values. In terms of the home appliance sector, the Company held the “The China High-end Electrical Appliances Industry Ecosystem Summit” in Xiamen, where it officially launched the “3+ Star Ecosystem” strategy. Currently, the Company has completed the layout of over 150 high-end electrical appliances pavilions. In terms of home decoration business, the Company hosted the China Home Improvement Design Ecosystem Summit and the Launch Conference of Red Star Macalline M+ High-End Home Improvement Design Centers in 100 MALLs in Zhengzhou, Henan. As of the end of the Reporting Period, the planned occupancy rate had reached 81.3%. In terms of new business formats, the Company has established Shanghai Jianmei Smart Auto Service Co., Ltd., which is responsible for the merchant sourcing and operation of the new energy vehicle segment, and launched the “3100 Plan” for the automotive business format. As of the end of the Reporting Period, the Company had partnered with 25 automotive brands, covering 26 cities, with an operating area of 164,000 sq.m.

LEVERAGING THE FAVORABLE “TRADE-IN” POLICIES TO STIMULATE END-USER DEMAND

In 2024, the State Council has implemented the Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins (《推動大規模設備更新和消費品以舊換新行動方案》), designating home decoration and kitchen and bathroom renovations as a key area. This initiative aims to stimulate consumption potential through the whole-home decoration model, and promote the renewals of existing home furnishing and appliances to catalyze a market of over RMB1 trillion. The Company responded proactively to stimulate end-user consumption demand. In the fourth quarter of 2024, the Company's nationwide shopping malls recorded 724 thousand trade-in orders, with sales amounting to RMB6.69 billion and the central government subsidy reaching RMB1.15 billion, showcasing a significant leading agglomeration effect. Capitalizing on the pilot program for building “Elder-Friendly Home Furnishing Experience Centers”, 13 shopping malls in Shanghai and Beijing were selected into the first batch of shopping malls for elder-friendly renovation subsidies, which pioneered elder-friendly subsidies and created an industry model for elder-friendly home furnishing.

PROMOTING DIGITAL INTELLIGENCE TRANSFORMATION AND CONTINUOUSLY IMPROVING SERVICE QUALITY AND CONSUMER EXPERIENCE

The Company has optimized its resource allocation through digital intelligence transformation to build a smart service ecosystem. On the merchant side, the Company launched three major products, namely the “Lease Contract with Commission Deduction”, “Merchant Connect”, and “M+ Select Designers”. On the consumer side, the Company introduced the “Red Star Macalline Mini-Program” and the “SCRM System”, and provided system support for the “National Trade-in Program”. For management, the Company completed the optimization and upgrade of the “Electronic Lease Contract”, ensuring efficient and stable renewal processes and enhancing contract signing efficiency. In terms of system integration, the Company achieved comprehensive integration of development, merchant sourcing, operations, and property systems through the iterative upgrade of the Company's Long-Wing Management System.

FACILITATING ONLINE AND OFFLINE INTEGRATION TO ACHIEVE HOLISTIC TRAFFIC ATTRACTION

While reinforcing the digital operations of shopping malls and consolidating the development of “Tmall Tongcheng Station”, the Company has proactively explored new online retail channels to better reach consumers. The Company focused on operating and upgrading the second traffic base on TikTok, and promoted shopping malls to jointly build a TikTok operation matrix. The Company guided consumers to receive coupons online and underwrite them in offline stores through TikTok local life business, so as to obtain more accurate traffic and customer sources for offline channels. In addition, the Company has also established collaborations with interest-based e-commerce and local lifestyle platforms, such as Xiaohongshu, WeChat Video Accounts, Amap and Dianping, facilitating online customer acquisition channels of shopping malls according to local conditions. Leveraging traffic advantages and user bases of these platforms, our shopping malls adopted a multifaceted strategy including content creation, content marketing and promotion, live streaming interactions, coupon distribution, information optimization and display, user evaluation and reputation management. These efforts can attract more customers to stores and supplement online operating traffic, thus improving the integrated ecosystem of online and offline channels and achieving holistic traffic attraction.

CAPTURING INDUSTRY OPPORTUNITIES, PROACTIVELY RESPONDING TO CHALLENGES AND LEADING INDUSTRY CHANGES

Due to the fluctuating macroeconomic environment and evolving consumer demand, the industry competition has become increasingly fierce. Looking ahead to 2025, Red Star Macalline needs to continuously enhance its own strengths in business format innovation, service experience, marketing integration, digitalization and brand influence. By aligning with favorable policies and shareholder resources, we can proactively confront market challenges and seize development opportunities. With greater enthusiasm, firmer determination and a more pragmatic approach, we are committed to promoting the higher-quality development of the Company, realizing the commercial transformation from a traditional building materials and home furnishing service platform to an integrated hub for people, automotive and home lifestyle, and constantly fulfill our social responsibility as an industry leader.

LI Yupeng

Chairman

27 March 2025

Management Discussion and Analysis

INDUSTRY OVERVIEW

In 2024, as external pressures increased and internal challenges accumulated, the nation navigated through a complex and severe situation under the strong leadership of the CPC Central Committee. By thoroughly implementing the decisions and arrangements of both the CPC Central Committee and the State Council, and adhering to the general principle of pursuing progress while maintaining stability, the national economy experienced overall stability with steady progress. Notably, the timely introduction of various incremental policies effectively boosted social confidence.

According to data from the National Bureau of Statistics of China, China's GDP increased by 5.0% year-on-year in 2024, with the total economic output exceeding RMB130 trillion for the first time, solidifying its position as the world's second-largest economy. Amidst intensified efforts by various regions and departments to implement policies benefiting the people, stabilize employment, and promote income growth, the national per capita disposable income of all residents increasing by 5.3% in nominal terms compared to the previous year, and by 5.1% in real terms after accounting for the impact of price factors, keeping pace with economic growth. In 2024, the per capita consumption expenditure of all residents increased by 5.2% in nominal terms over the same period of the previous year, and 5.1% increasing in real terms after deducting the influence of price factors.

In 2024, total retail sales of social consumer goods (the **"total retail sales"**) increased by 3.5% year-on-year. Among the total retail sales, the retail sales of goods increased by 3.2% year-on-year, with furniture sales growing by 3.6% year-on-year, marking an increase of 0.8 percentage point compared to the previous year, sales of household electrical and audio-visual appliances increased by 12.3% year-on-year, increasing by 11.8 percentage points from the previous year, whereas building and decoration materials saw a decline of 2.0% year-on-year. In the fourth quarter of 2024, driven by intensified policies promoting the replacement of old consumer goods, the combined retail sales of furniture, household electrical and audio-visual appliances, building and decoration materials, and automobiles contributed approximately 1 percentage point to the growth of total retail sales. Overall, following the convening of the Political Bureau of the Central Committee meeting on 26 September 2024 (**"926 Meeting"**), the introduction of a raft of incremental policies effectively expanded market demand, enhanced market activity, and bolstered development confidence. These policies played a decisive role in the economic recovery in the fourth quarter of 2024 and achieving annual targets successfully.

In 2024, the total population experienced a slight decrease, yet China maintained a population of over 1.4 billion. The advantages of population scale and enormous market size are expected to persist for a long time. In 2024, the urbanization level continued to rise, with the urban population accounting for 67.00% of the national population (urbanization rate), marking an increase of 0.84 percentage point compared to the end of the previous year. The spatial distribution of urbanization continued to be optimized, and the quality of new urbanization steadily improved.

Management Discussion and Analysis

Real estate is closely linked to economic development and the improvement of people's livelihoods, exerting a significant impact on the national economy. In 2024, in response to the complex situation in the real estate market, the 926 Meeting explicitly proposed that "efforts should be made to reverse the downturn of and stabilize the real estate market". Multiple departments swiftly enhanced policies related to land, fiscal and tax matters, and finance, while various regions adopted city-based policies, tailored to each city, focusing on targeted policymaking. These combined policy measures have led to positive changes in the real estate market and a gradual restoration of market confidence. With the effective implementation of both existing and new policies, the real estate market is expected to continue improving in the forthcoming phase. In the medium to long term, as China's new urbanization continues, there remains potential for both rigid and upgraded housing demand. The demand for safer, more comfortable, green, and intelligent housing will continue to grow, and a new development model for the real estate market will gradually emerge. These factors will contribute to the stable and healthy development of the real estate market.

With the growth of residents' income level, the continuous increase in quality demand, the popularity of the concept of green environmental protection, the ongoing promotion of urbanization, the accelerated establishment of a new and healthy real estate market, and the expanding demand for the renovation of existing housing, the home decoration and furniture industry will experience sustained and stable development. The Company intends to leverage its position as a leading enterprise and actively seize the development opportunities in the industry.

BUSINESS REVIEW

In 2024, affected by the domestic economic situation and the fluctuating adjustments in post-cycle consumption within the real estate and home furnishing sectors, and the industry is accelerating clearance, resulting in a phased decline in the occupancy rate of shopping malls on a year-on-year basis. Meanwhile, as a leading enterprise in the home furnishings retail sector, the Company waived a portion of the rent and management fees for some merchants. In addition, the Company actively adjusted its strategies and the layout of mall categories, introducing new categories such as home decoration and new energy vehicles. This led to a temporary decline in the Company's relevant income in the short term. With the solid implementation of a raft of stimulus policies introduced by multiple national ministries, such as the reduction of mortgage interest rates, further intensification and expansion of large-scale equipment renewal and consumer goods trade-in policies, the Company will seize industry development opportunities, strive to enhance operational efficiency, and improve business performance.

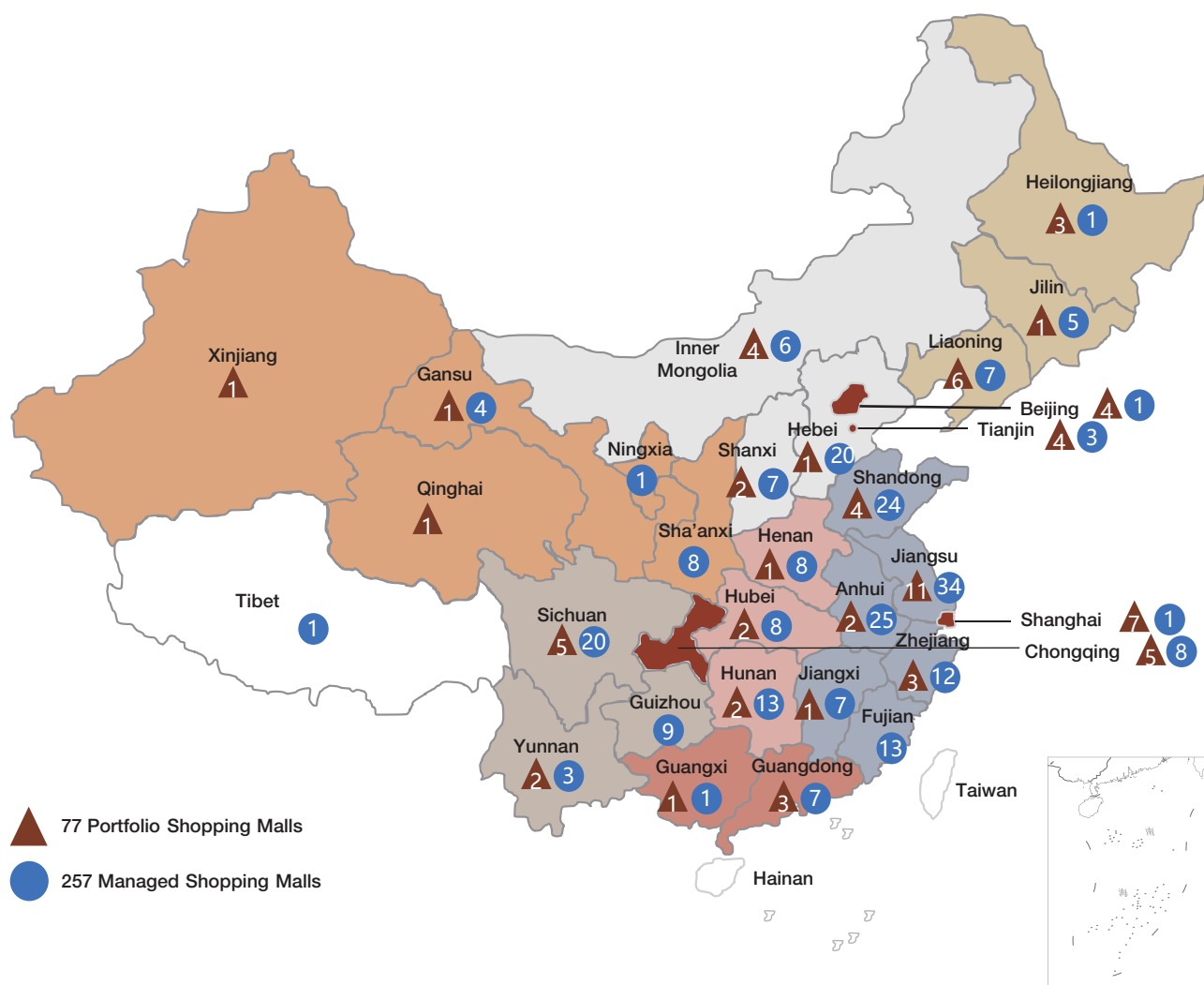
As of the end of the Reporting Period, the Company operated 77 Portfolio Shopping Malls with the average occupancy rate of 83.0%, 257 Managed Shopping Malls with varying degrees of management depth, with the average occupancy rate of 82.5%, and 7 home furnishing shopping malls through strategic cooperation. In addition, the Company opened 33 franchised home improvement material projects, including a total of 405 home improvement material stores/industry streets, which covered over 202 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 20,325,659 sq.m.

Management Discussion and Analysis

1. Business Development and Layout

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

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



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

Management Discussion and Analysis

2. Advancement of the “3+Star” Eco-Strategy, Business Format Integration, and Scenario Innovation

One another, the Company has extended its business from home furnishings to include home appliances and home decoration. These three sectors are interconnect as extensions, entry points, and growth drivers for jointly creating quality products, excellent services, and innovative scenario values. During the Reporting Period, the Company actively developed its Smart Electrical Appliance Themed Pavilions and M+ High-End Design Centers, achieved full coverage of the catering category, and attracted automotive brands to its premises. It also encouraged the introduction of lifestyle-related business formats such as leisure and entertainment, supermarkets, and education and training. The Company released the operating area for potential categories, optimized the category mix within each business format, and enhanced the comprehensive competitiveness of its shopping malls.

In the high-end home appliance sector, in March 2024, the Company held the “The China High-end Electrical Appliances Industry Ecosystem Summit” in Xiamen, where it officially launched the “3+ Star Ecosystem” strategy. It positioned high-end electrical appliances as the “chip for smart living scenarios” and set the goal of becoming the “preferred channel for high-end electrical appliances”. In the next two years, the Company will lay out 100 high-end lifestyle appliances pavilions nationwide, which will gather categories such as small kitchen home appliances, cleaning electrical appliances, personal care products, coffee and leisure, children’s entertainment products, etc. This will complement the existing large electrical appliances, and further enable consumers to achieve the real one-stop purchase of all home appliances.

In terms of home decoration business, in January 2024, the Company hosted the China Home Improvement Design Ecosystem Summit and the Launch Conference of Red Star Macalline M+ High-End Home Improvement Design Centers in 100 MALLs in Zhengzhou, Henan. Following the completion of the first batch of 16 M+ High-End Home Improvement Design Centers, the construction of the second batch of 84 centers has been officially launched. It is expected that the M+ High-End Home Improvement Design Centers will achieve the coverage of 100 MALLs nationwide by 2025. As of the end of the Reporting Period, the planned occupancy rate had reached 81.3%.

In terms of new business formats, in 2024, the Company focused on researching new business format categories suitable for the Red Star Macalline system, establishing planning guidelines, and creating a typical brand alliance for cross-format cooperation. As of the end of the Reporting Period, the operating area for new business formats (including automobiles, catering, etc.) had reached 910,000 sq.m., a year-on-year increase of 286,000 sq.m.. In the new energy vehicle sector, the Company established Shanghai Jianmei Smart Auto Service Co., Ltd., which is responsible for the recruitment and operation of the new energy vehicle segment. It also launched the “3,100 Plan” for the automotive business format, aiming to incubate a new track for the automotive business within three years and exceed one million square meters in total operating area. As of the end of the Reporting Period, the Company had partnered with 25 automotive brands, covering 26 cities, with an operating area of 164,000 sq.m., representing a year-on-year increase of 60,000 sq.m.

Over the next decade, Red Star Macalline’s home furnishing malls are expected to form a new business format structure, with building materials and furniture accounting for 60% of the operating area, electrical appliances for 15%, home decoration for 15%, and new business formats representing 10%.

Management Discussion and Analysis

3. Remarkable Achievements in Trade-in Programs, Demonstrating Strong Operational Capabilities

In 2024, the national and local governments introduced a series of “trade-in” policies, to which the Company responded proactively, thereby stimulating end-consumer demand. In March 2024, the Company successfully launched a full-chain “trade-in” process in 32 stores across 15 cities nationwide. By thoroughly exploring diverse application scenarios and establishing a standardized process system, the Company actively collaborated with brand manufacturers to create a broad synergy for trade-in programs, ensuring a smooth consumer experience at every stage.

In the fourth quarter of 2024, the Company initiated a large-scale trade-in subsidy campaign for home appliances and furniture nationwide. Leveraging its leading offline channel advantages, the Company demonstrated exceptional organizational and execution capabilities. It actively engaged with government authorities and industry associations, assisted merchants in obtaining necessary qualifications, and conducted policy and process briefings. The Company also provided timely feedback to the government on issues encountered and suggestions for improvement during the policy implementation, effectively facilitating the refinement and smooth execution of local subsidy policies. As of the end of the Reporting Period, the trade-in program had covered 249 shopping malls. In the fourth quarter of 2024, the Company’s nationwide shopping malls recorded 724 thousand trade-in orders, with sales amounting to RMB6.69 billion. The central government subsidy reached RMB1.15 billion, accounting for approximately 17% of the total sales. The Company’s leading position significantly aggregated consumer demand, effectively boosted consumption, and increased merchants’ revenues.

4. Digital Intelligence Empowers Business Operations, Reducing Costs and Increasing Efficiency and Enhancing Transformation

In 2024, the Company’s digital intelligence upgrade focused on two major areas: “Strategic Business Support” and “System Integration”, ensuring the effective implementation of core business strategies.

On the merchant side, the Company launched three major products, namely the “Lease Contract with Commission Deduction”, “Merchant Connect”, and “M+ Select Designers”. On the consumer side, the Company introduced the “Red Star Macalline Mini-Program” and the “SCRM System”, and provided system support for the “National Trade-in Program”. For management, the Company completed the optimization and upgrade of the “Electronic Lease Contract”, ensuring efficient and stable renewal processes and enhancing contract signing efficiency. In terms of system integration, the Company achieved comprehensive integration of development, merchant sourcing, operations, and property systems through the iterative upgrade of the Company’s Long-Wing Management System. The Company also established a unified middleware for homogenized contract and order management capabilities, effectively avoiding redundant construction when launching new businesses in the future.

5. Omni-channel Marketing Upgrade, Driving Strategic Transformation of Mall Operations

As the pioneer of the “3+ Star Ecosystem” strategy, the Company has organised major events such as the High-End Home Decoration Eco-Strategy Conference, the High-End Electrical Appliances Industry Conference, and the Thousand-Merchant Conference. These initiatives have supported the transformation and upgrading of its business. The Company has also promoted and disseminated successful benchmark mall cases in Kunming, Shenyang, and other locations, creating a new template for recruitment. By leveraging the resources of industry leaders and collaborating with mainstream media, the Company achieved a total annual communication volume of 220 million, solidifying Red Star Macalline’s strategic transformation claims.

Focusing on the Company’s core business, efforts have been made to build the brand image of the M+ High-End Home Improvement Design Center. Centered around the core theme of “design business”, the Company has assisted key malls in planning high-quality activities such as designer forums, design study tours, and the M+ Competition in 16 cities. Concurrently, a designer mini-program has been developed to enhance designer loyalty through service benefits and to quantify their contributions with data, thereby promoting designer recruitment and operations.

Keeping pace with the development of the automotive business format, the Company has successfully launched and implemented the “π” Space in Chengdu, actively participated in pre-forum events at the Guangzhou Auto Show, and frequently produced original content. This has resulted in over 60 media reports, content exposure exceeding 50 million, and video views surpassing one million, effectively launching the first phase of the “home furnishings + automotive” new business format. The Company has also driven in-depth cooperation between first-tier malls and real estate developers such as C&D Real Estate and Lianfa Real Estate, leading to sales growth exceeding RMB90 million.

By closely following national policies on “trade-in” and “government subsidies” and capitalizing on mainstream media platforms, the Company has seized the business opportunities in “trade-in” and “age-friendly” sectors. It has planned and released a series of content to enhance brand and factory visibility, increase business exposure, and empower large-scale promotional activities. The Company has also secured high-exposure advertising channels through S-level major transportation media and collaborated with brands for co-investment in high-visibility campaigns.

The Company has actively expanded its online traffic operations matrix to support mall operations. It has established a core online traffic operations framework centered around “Tmall Tongcheng Station (天貓同城站)” and “TikTok Local Life (抖音本地生活)”, forming a dual-mainstay strategy. Additionally, the Company has successfully developed an operational chain for the home furnishings industry on Xiaohongshu, creating replicable success cases. It has also compiled the Xiaohongshu Home Furnishings Industry Operations Manual 1.0, which provides easy-to-follow operational guidance and replicable case studies for future nationwide mall operations on Xiaohongshu (小紅書).

Management Discussion and Analysis

6. Strengthening Efforts to Support the Merchants and Revitalize the Operations Activities of Merchants

Distributors play an important role in the home furnishing industry, so it has always been the mission and responsibility of Red Star Macalline to provide them with a broader space for development. During the Reporting Period, the Company has released for the first time the policy of “RMB100 million subsidies for new stores” in Guangzhou, aiming to leverage Red Star Macalline’s “exhibition store linkage” advantage to help more high-quality brands in mainstream categories lay out their marketing channels by providing subsidies for new stores. The Company held the National Top Ten Credible Young Merchants Award Ceremony in Tianjin, and officially announced six policies aimed at revitalizing the operation of merchants, including “Unified Cash Collection and Quick Refund”, “RMB100 Million Subsidies for New Stores”, “Ecological Fusion + Traffic Empowerment”, “Double Escort of High Quality and Competitive Price”, “Household Appliances Trade-in” and “Door-to-door Maintenance Service”.

FINANCIAL REVIEW

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

1. Revenue

During the Reporting Period, the Group’s revenue amounted to RMB7,821.3 million, representing a decrease of 32.1% from RMB11,515.0 million in 2023. During the Reporting Period, the rental and related income of our Portfolio Shopping Malls decreased by 21.0%. This was mainly due to the impact of fluctuations in the development of the relevant industries, which affected the operating conditions of both the shopping malls and the merchants, with occupancy rates and rents of the shopping malls experiencing a phased decline. Meanwhile, in order to support the merchants, the Company has increased the preferential treatment of stable business retention. The related income from our Managed Shopping Malls decreased by 28.1% during the Reporting Period, mainly due to the decrease in the number of Managed Shopping Malls, as well as the delay in performance progress of managed projects. Furthermore, revenue from construction and decoration services and other revenue also experienced declines of varying degrees compared to 2023.

The following table sets forth our revenue by segments:

	For the year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Owned/Leased Portfolio Shopping Malls	5,360,019	68.5	6,780,669	59.0
Managed Shopping Malls	1,460,146	18.7	2,030,714	17.6
Construction and decoration services	332,128	4.2	1,478,097	12.8
Others	668,973	8.6	1,225,503	10.6
Total	7,821,266	100.0	11,514,983	100.0

FINANCIAL REVIEW (Continued)

2. Cost of Sales

The cost of sales of the Group mainly included the cost of operation and management of Owned/Leased Portfolio Shopping Malls, the cost of project consulting and management service, the cost of construction and decoration service. The cost of sales of the Group was RMB2,834.3 million, representing a decrease of 36.7% from RMB4,481.7 million in 2023, mainly due to the decrease in the corresponding cost resulted from the decline in the revenue.

The following table sets forth our cost by segments:

	For the year ended 31 December 2024		2023	
	RMB'000	%	RMB'000	%
Owned/Leased Portfolio Shopping Malls	1,408,078	49.7	1,481,708	33.0
Managed Shopping Malls	899,304	31.7	1,141,145	25.5
Construction and decoration services	283,056	10.0	1,497,437	33.4
Others	243,827	8.6	361,440	8.1
Total	2,834,265	100.0	4,481,730	100.0

3. Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's gross profit was RMB4,987.0 million, representing a decrease of 29.1% from RMB7,033.3 million in 2023; the Group's integrated gross profit margin was 63.8%, representing an increase of 2.7 percentage points from 61.1% in 2023, primarily due to the gross profit of construction and decoration services turning positive compared to the same period last year.

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

	For the year ended 31 December	
	2024	2023
Owned/Leased Portfolio Shopping Malls	73.7%	78.1%
Managed Shopping Malls	38.4%	43.8%
Construction and decoration services	14.8%	-1.3%
Others	63.6%	70.5%
Total	63.8%	61.1%

4. Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to RMB1,028.3 million (accounting for 13.1% of the revenue), representing a decrease of 30.7% from RMB1,483.1 million (accounting for 12.9% of the revenue) in 2023, which was primarily due to the decrease in various expenses such as the advertising and promotion expenses during the Reporting Period.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

5. Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB1,451.7 million (accounting for 18.6% of the revenue), representing a decrease of 17.6% from RMB1,762.5 million (accounting for 15.3% of the revenue) in 2023, which was primarily due to the decrease in labor expenses during the Reporting Period.

6. Finance Cost

During the Reporting Period, the Group's finance cost amounted to RMB2,531.2 million in 2024, representing a decrease of 4.6% from RMB2,654.6 million in 2023, which was primarily due to the reduction in the scale of interest-bearing debts and the decrease in related finance costs of the Group during the Reporting Period.

7. Treasury Policies and Objectives

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

8. Income Tax Credit/(Expenses)

During the Reporting Period, the income tax credit of the Group amounted to RMB591.7 million, representing a decrease of 2,021.1% from the tax expenses of RMB30.8 million in 2023, which was mainly due to an expanded scope of the loss for the year.

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

During the Reporting Period, total loss for the year attributable to owners of the Company amounted to RMB3,492.0 million, representing an increase of 44.7% from the total loss for the year attributable to owners of the Company of RMB2,412.7 million in 2023; the core net loss attributable to owners of the Company amounted to RMB1,327.4 million, representing an increase of 55.0% from the core net loss attributable to owners of the Company amounted to RMB856.4 million in 2023.

	For the year ended 31 December		Increase/ Decrease
	2024 RMB'000	2023 RMB'000	
Total loss for the year attributable to owners of the Company	(3,492,042)	(2,412,713)	44.7%
Loss margin for the year attributable to owners of the Company	-44.6%	-21.0%	an increase of 23.6 percentage points
Core net loss attributable to owners of the Company	(1,327,428)	(856,433)	55.0%
Core net loss margin attributable to owners of the Company	-17.0%	-7.4%	an increase of 9.6 percentage points

During the Reporting Period, the Group's loss per share was RMB0.80, as compared to loss per share of RMB0.55 in the same period of 2023.

FINANCIAL REVIEW (Continued)

10. Accounts Receivable

As of the end of the Reporting Period, the book value of accounts receivable of the Group amounted to RMB585.2 million (including the balance of accounts receivable of RMB2,150.5 million and the bad debt allowance of RMB1,565.3 million), representing a decrease of RMB618.1 million from RMB1,203.3 million as at the end of 2023.

11. Deposits, Prepayment and Other Receivables

As of the end of the Reporting Period, the book value of deposits, prepayment and other receivables of the Group was RMB4,398.4 million, representing a decrease of RMB637.1 million from RMB5,035.5 million as at the end of 2023, which was mainly due to a decrease in collection and payment of merchant goods and prepayments for purchase of properties during the reporting period.

12. Financial Instrument at FVTOCI

As of the end of the Reporting Period, the book value of financial instruments at FVTOCI of the Group was RMB1,230.9 million, which was mainly due to the disposal of investment projects and changes in fair value in the current period.

13. Investment Properties and Loss on Fair Value Changes

As of the end of the Reporting Period, the book value of the Group's investment properties amounted to RMB95,104.2 million, representing a decrease of RMB3,376.0 million from RMB98,480.2 million as at the end of 2023. During the Reporting Period, the investment properties of the Group realized a loss on fair value changes of RMB2,879.0 million. It was mainly due to the increase in the preferential treatment of stable business retention to support the continued operation of merchants, which resulted in a phased decline in the Group's rental income and management fee income, and a corresponding downward adjustment in the valuation of investment properties.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

14. Capital Expenditure

During the Reporting Period, the Group's capital expenditure amounted to RMB370.3 million (2023: RMB351.3 million), which mainly includes purchase expenditure of investment properties and construction development expenditure. The expenditure in 2024 increased by 5.4% as compared with 2023, mainly due to the additional purchase expenditure of self-owned portfolio shopping malls during the Reporting Period.

15. 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 RMB3,154.0 million (of which, the balance of cash and cash equivalents amounted to RMB3,111.8 million), representing an increase of RMB624.2 million from RMB2,529.8 million (of which, the balance of cash and cash equivalents amounted to RMB2,506.8 million) as at the end of 2023 (of which, the balance of cash and cash equivalents representing an increase of RMB605.0 million).

	2024 RMB'000	2023 RMB'000
Net cash flow generated from operating activities	216,374	2,363,641
Net cash flow generated from investment activities	631,159	701,361
Net cash flow used in financing activities	(242,637)	(3,165,956)
Impact of exchange rate changes on cash and cash equivalents	137	(510)
Net increase/(decrease) in cash and cash equivalents	605,033	(101,464)

During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB216.4 million, representing a decrease of RMB2,147.2 million from a net cash inflow of RMB2,363.6 million in 2023, mainly due to the decrease in operating cash inflow affected by the fluctuations in the overall economic environment during the Reporting Period.

During the Reporting Period, the Group's net cash inflow from investment activities amounted to RMB631.2 million, representing a decrease in inflow of RMB70.2 million from a net cash inflow of RMB701.4 million in 2023. It was primarily due to the decrease in cash received from disposal of investments and assets during the Reporting Period compared to the previous period.

During the Reporting Period, the Group's net cash outflow from financing activities amounted to RMB242.6 million, representing a decrease in outflow of RMB2,923.4 million from a net cash outflow of RMB3,166.0 million in 2023, mainly due to the increase in net cash flow from obtaining and repaying debt during the Reporting Period.

FINANCIAL REVIEW (Continued)

16. Debt Profile and Debt Ratio

As of the end of the Reporting Period, the total amount of debt of the Group was RMB29,054.4 million, of which banks and other borrowings were RMB27,263.6 million, and bonds were RMB1,790.8 million.

The following table sets out our profile debt:

	As at 31 December 2024 (RMB'000)	As at 31 December 2023 (RMB'000)
Bank and other borrowings		
Secured	23,594,412	26,074,003
Unsecured	67,185	3,431,749
Commercial mortgage-backed securities	3,601,956	3,184,527
Total	27,263,553	32,690,279
Fixed-rate borrowings	13,680,480	16,269,128
Floating-rate borrowings	13,583,073	16,421,151
Total	27,263,553	32,690,279
The borrowings are repayable		
Within one year or on demand	6,016,153	12,976,625
More than one year, but not exceeding two years	6,705,318	3,898,734
More than two years, but not exceeding five years	9,181,876	9,015,530
More than five years	5,360,206	6,799,390
Total	27,263,553	32,690,279
Actual interest rate range		
Fixed-rate borrowings	3.10-10.00	3.80-15.40
Floating-rate borrowings	3.55-6.80	4.25-8.00
USD Bonds:		
USD Bonds of 2022 (3-year)	1,790,841	1,758,512
Total	1,790,841	1,758,512

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

16. Debt Profile and Debt Ratio (Continued)

Among the total debts of the Group, the portion repayable within one year or on demand amounted to RMB7,807.0 million, the portion repayable over one year but less than two years amounted to RMB6,705.3 million, the portion repayable over two years but less than five years amounted to RMB9,181.9 million and the portion repayable over five years amounted to RMB5,360.2 million. The Group will promptly repay the above debts at the time of maturity.

	As at 31 December 2024	As at 31 December 2023
Asset-liability ratio ⁽¹⁾	56.8%	55.6%
Net gearing ratio ⁽²⁾	54.8%	64.7%

	For the year ended 31 December 2024	2023
Interest expenses coverage ratio ⁽³⁾	1.08	1.42

Notes:

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

17. Collateralized and Pledged Assets

As of the end of the Reporting Period, the Group had collateralized/pledged investment properties, fixed assets with a total book value of RMB83,155.6 million, and other equity instrument investments, interests in joint ventures and restricted cash and bank balances with a total book balance of RMB562.6 million for obtaining loans, etc. the balance of such loans is RMB29,016.4 million; the Group holds restricted cash and bank balances with a balance of RMB335.7 million for deposit reserve placed with the central bank, etc.

18. Contingent Liabilities

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

19. 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.

FINANCIAL REVIEW (Continued)

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

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

21. 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 RMB724.8 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 RMB233.1 million.

22. Foreign Exchange Risk

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

23. Significant Investment

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

24. Human Resources

As of the end of the Reporting Period, the Group had 11,553 employees (As at 31 December 2023: 14,461 employees). The Group signs 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. In 2024, the Group paid a total of RMB2,177.2 million for salary expenditure (2023: RMB2,584.8 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.

Management Discussion and Analysis

RISK FACTORS

There is no significant change in risk factors faced by the Company for current year as compared with those for the previous year, and the specific risk factors are as follows:

1. Risks Caused by Slackened Macro-Economy and Cyclical Fluctuation of Real Estate Industry

In recent years, China's macroeconomic growth has continued to show a slowdown trend. In the meantime, the real estate industry, as a basic industry under continuous regulation and control in China, is closely related to the country's macroeconomic development and exhibits strong cyclical characteristics. The slowdown in macroeconomic growth and the adverse changes caused by cyclical fluctuations in the real estate industry may weaken the demand in the home improvement and furniture retail industries, which will have a certain negative impact on the Company's operating results.

Real estate has an important impact on the national economy, and although it is currently in the adjustment stage of adjustment and transformation, there is a relatively good foundation for the long-term healthy development of the real estate market. Meanwhile, the dividends of the existing real estate market have gradually emerged. Although the per capita housing area in China is not small, many houses are not reasonable in terms of function and structure, and many people have more urgent needs for improved housing condition, which will form an important driving force for the real estate market.

With the growth of residents' income level, the continuous increase in quality demand, the deepening of green environmental protection concepts, and the continuous promotion of urbanization, the consumption demand for home decoration and furniture by the people will continue to be promoted; The accelerated establishment of a new and healthy real estate market and the continuous growth of demand for refurbishment of existing houses will also bring sustained development space to the industry.

The Company will give full play to the advantages as a leading enterprise, actively seize the development opportunities in the industry, and consolidate its market leadership through steady expansion of shopping mall network and refined operation. Meanwhile, the Company will also enhance its scale benefits and operating efficiency, and strengthen the stable profitability, thus better responding to and resisting the risks of macroeconomic and industrial fluctuations.

2. Risks Associated with Talent Shortage and Loss

As our business scale is under continuous development and expansion, demand for high-level management talent and professionals increases continuously. If the Company's reserve of talent cannot keep up with the rapid development rate of the business, then it will pose an adverse impact on the Company's operational stability.

Therefore, we have set up different personnel training and reserve plans for the fresh graduates, excellent employees and supervisory employees, and have continued to contribute resources to provide various types of education and training opportunities for the employees so as to enhance their knowledge and technical level as well as the ability of practicing business. Meanwhile, the Company has been strengthening information construction so as to improve the efficiency of business, and thus providing guarantee for the building of our pool of talent required for scientific and sustainable growth.

RISK FACTORS (Continued)

3. Risks Associated with Expanding Business Development

Based on the brand influence of national distribution network and the rich industry resources from decades of experience in the home improvement and furnishing industry, we are strategically developing attractive expanding business in response to market dynamics and business needs. These new ventures may operate under different business models and risk profiles compared to our traditional operations, potentially exposing us to new challenges and risks.

Accordingly, we will rely on a strong industrial influence in the existing business accumulation, rich management experience and national distribution network system to provide high-quality resources support for the implementation of the above-mentioned expanding business, thereby reducing the uncertainty and other related risks.

4. Other Risks

As of the end of 2024, the Company operated 77 portfolio shopping malls, including 62 self-owned portfolio shopping malls, and the fair value model was adopted for subsequent measurement. As of the end of the Reporting Period, the book value of the Company's investment properties was RMB95.10 billion, accounting for 80.17% of total assets.

On the one hand, as the Company's future expansion focuses on the asset-light model, there will be limited investment in the construction of self-owned properties reserved, and the scale of investment real estate will be relatively stable in the future.

On the other hand, due to fluctuations in the domestic economic situation and the fluctuating adjustments in post-cycle consumption within the real estate, the industry is accelerating clearance, resulting in a phased decline in the occupancy rate of shopping malls on a year-on-year basis. In response to dynamic market changes, the Company waived a portion of the rent and management fees for some merchants while adjusting its strategic direction and the layout of mall categories, introducing new energy vehicle brands. These measures resulted in a phased decline in the Company's income from rents and management fees, which has further lowered the valuation of the Company's investment properties accordingly.

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

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

Management Discussion and Analysis

OUTLOOK AND PROSPECTS

The Company has persistently adhered to the mission of “building a warm and harmonious homeland and enhancing consumption and lifestyle”. In 2025 and thereafter, the Company will continue to follow the operation and management model of “market-oriented management and shopping mall management”, to provide better and more professional services for consumers, consolidate our market leadership and strengthen the brand image of “Home Furnishing Expert” of “Red Star Macalline” in the consumers’ mind to build the most pioneering and professional “omni-channel platform provider in the home improvement and furnishing industry”.

The Company’s future development plans are as follows:

1. The Group will continue to transform into “asset-light and operation-heavy”, and further strengthen the market leadership

In terms of shopping mall network construction, the Company will fully ride the good opportunities for the continuous and stable development of the industry brought by factors such as the growth of residents’ income level, the continuous increase in quality demand, the deepening of green and environmental protection concepts, the continuous promotion of urbanization process, the accelerated establishment of new and healthy real estate market, and the sustained growth in demand for existing house renovation. The Company will continue to improve the operational efficiency and performance of existing shopping malls, and continue to strategically supplement the existing home furnishing shopping mall network in attractive cities in an orderly manner.

The Company strengthen the market leading position in first-tier and second-tier cities through self-operation mode. At the same time, by relying on the sound brand reputation, mature shopping mall development, merchants sourcing and operation and management capabilities in the home improvement and furnishing industry, the Company will deploy and optimize the shopping mall network in third-tier cities and other cities through the asset-light management and franchise business model.

For already opened home furnishing malls, the Company will continue to deepen the operation of theme pavilions. By targeting the segment consumption circles, the Company will accurately operate the traffic to the store, thereby guiding connected sales between categories and extending the consumption chain of consumers in shopping malls. Gathering consumers by category can also realize the flow of consumers across brands, thereby enhancing the operation efficiency of shopping malls. The Company will continue to upgrade the operation capabilities, categories and brands, consumer services and reputation, marketing and other aspects of shopping malls, create more and better shopping malls, and deliver value samples of in-depth operations to consumers and the industry. In addition, the Company will continue to explore and promote cross industry cooperation, improve the rental rate in the mall, and achieve the integration of multiple formats.

The Company will continue to empower brands and merchants on the marketing side. The Company will further advance national promotions, category festivals and other marketing activities, and will continue to operate two major home furnishing marketing IPs to deepen consumers’ mindset. As the largest operator of home improvement and furniture shopping malls in China, the Company will deepen the R&D of digital tools to enhance its digital marketing capabilities based on the complete information of home improvement and furniture consumer portraits and product portraits it has mastered, so as to further empower brands and merchants, strengthen their stickiness to the Company.

OUTLOOK AND PROSPECTS (Continued)

2. The Group will carry out home decoration track, and build up consumers' image

The Company will continue to strengthen the consumer mentality of “choosing decoration and buying home is all in Red Star Macalline”. By developing the M+ High-End Design Centers, the Company is actively transitioning towards a platform-based model, connecting the home decoration and home furnishing consumption needs of young and high-end groups.

3. The Group will promote the development of new retail and empower shopping mall operations

The Company will strengthen the digital operation of shopping malls, establish a core online traffic operations framework centered around “Tmall Tongcheng Station (天貓同城站)” and “TikTok Local Life (抖音本地生活)”, explore more new online retail channels that reach consumers, and achieve global customer acquisition and marketing.

The Company will continue to support traditional brand merchants and distributors in various aspects such as product selection, digital upscaling, and traffic acquisition to have the ability to operate online. At the same time, we will deepen our commodity operations, carry out regular live streaming, and enhance our organizational capabilities.

The Company will adhere to and continuously, deepen the consumer mentality of “online pre-selection, offline experience and transaction”. By conducting in-depth online operations and refining consumer profiles through digitalization, we will achieve precise drainage of offline transactions and efficient conversions.

4. The Group will strengthen financial management to achieve high-quality development

The Company will implement a clear and standardized financial management system to strengthen budget control, enhance cost management, and reinforce financial risk prevention and control, thereby improving corporate credit ratings. Additionally, the Company will adjust and optimize its debt structure and liquidity, diversify financing channels, and reduce financing costs to achieve sustainable, high-quality corporate development.

5. The Group will continue to improve corporate governance of the Company, standardize our operation and implement social responsibilities

The Company will make continuous improvement in its corporate governance structure, organizational process and management mechanism, abide by national laws and business ethics and create the commercial atmosphere of “standardized operation” as well as proactively undertake and fulfill its social responsibility.

Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. LI Yupeng, aged 35, Chinese, a member of the Communist Party of China, intermediate economist, graduated from Xiamen University with a bachelor's degree. Mr. LI joined the Company in February 2025 and served as a non-executive Director from February 2025 to March 2025, he was re-designated as an executive Director and appointed as the chairman of the Company since March 2025. Mr. LI has joined Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司) since July 2010 and has successively served as the deputy general manager and the general manager of legal affairs department, and has served as a supervisor of Xiamen C&D Inc. (listed on the Shanghai Stock Exchange, stock code: 600153) since April 2022. He has been served as the director of legal affairs of Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司) since March 2024.

Mr. CHE Jianxing, aged 58, started his career in furniture manufacturing in the late 1980s. He established Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司) in December 1990 and served as its general manager from 1990 to 1994; he founded Red Star Furniture Group Co., Ltd. (紅星傢俱集團有限公司) in June 1994 and served as its chairman of the board of directors and general manager from 1994 to 2007; he founded Shanghai Red Star Macalline Home Furnishings Company Limited (上海紅星美凱龍家居傢飾品有限公司), the predecessor of the Company, in 2007, served as the chairman of the Board and the general manager from 2007 to August 2023, and has served as an executive Director and the general manager since August 2023. Mr. CHE has served as a director and other positions in several subsidiaries of the Company, including Xiamen Red Star Macalline Commercial Operation Management Co., Ltd. (廈門紅星美凱龍商業運營管理有限公司). Mr. CHE is a member of the executive committee of All-China Federation of Industry & Commerce, the vice president of Shanghai Federation of Industry and Commerce and a standing member of the fourteen session of the Political Consultative Conference Shanghai Committee (上海市政協第十四屆委員會). Mr. CHE was awarded the "Outstanding Individual in the Work of Unionization of Shanghai (上海市統一戰線工作先進個人)" by Shanghai Unionization Department (上海市統戰部) in December 2018 and the "Excellent Entrepreneur of Shanghai (上海市優秀企業家)" by Shanghai Enterprise Association in February 2019.

Mr. SHI Yaofeng, aged 49, joined the Company in August 2023 and served as an executive Director. Prior to joining the Company, Mr. SHI worked at Ningbo Boyang Textile Co., Ltd. Changsha Office (寧波博洋紡織有限公司長沙辦事處) from August 1997, at Hangzhou Jinguang Paper Co., Ltd. (杭州金光紙業有限公司) from August 1998, and at Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發漿紙集團有限公司), formally known as Xiamen C&D Paper Co., Ltd. (廈門建發紙業有限公司) from December 2003 to July 2023, during which he successively served as the deputy general manager of subsidiaries, the general manager of subsidiaries, deputy general manager and other positions. Mr. SHI has served as an executive director and the chief executive officer of C&D Newin Paper & Pulp Corporation Limited (建發新勝漿紙有限公司, a company formerly known as Samson Paper Holdings Limited (森信紙業集團有限公司) and listed on the Stock Exchange under the stock code of 0731); a director of Greater Paper Development Limited (偉紙發展有限公司), a wholly-owned subsidiary of C&D Newin Paper & Pulp Corporation Limited; an executive director and the general manager of Greater Paper (Shenzhen) Paper Development Limited (偉紙(深圳)紙業發展有限公司); an executive director of Universal Pulp and Paper (Shandong) Co., Ltd. (遠通紙業(山東)有限公司) and an executive director of Shandong Yuanlong Renewable Resources Recycling Company Limited (山東遠通再生資源回收有限公司).

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

Mr. YANG Yingwu, aged 40, joined the Company in August 2023 and served as an executive Director. Prior to joining the Company, Mr. YANG had served at Xiamen Branch of Bank of China Limited (中國銀行股份有限公司廈門市分行) from October 2006 to August 2008. He worked at Xiamen C&D Inc. (廈門建發股份有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 600153) from August 2008 to July 2023, where he successively served as the director of finance department, professional manager, senior professional manager, deputy general manager and other positions from August 2008 to February 2020. He served as the financial director of Xiamen C&D Property Asset Co., Ltd. (廈門建發物產有限公司) from February 2020 to March 2023, and the financial director of Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發漿紙集團有限公司) from March 2023 to July 2023.

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

Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. ZHENG Yongda, aged 53, joined the Company in February 2023 and served as a non-executive Director, served as the vice chairman of the Board from February 2023 to August 2023 and served as the Chairman of the Board from August 2023 to March 2025. Mr. ZHENG has worked at Xiamen C&D Inc. since April 2004 and successively served as the general manager assistant, executive deputy general manager, general manager, and served as the secretary of the party committee and chairman from April 2020 to August 2024, and served as the vice chairman of the Board since August 2024. He has worked as the deputy general manager and general manager of the No. 6 import and export department of Xiamen C&D Inc. from February 1998 to January 2002; the general manager of Xiamen C&D Packaging Co., Ltd. (廈門建發包裝有限公司) from January 2000 to January 2002; the general manager of Xiamen C&D Paper & Pulp Co., Ltd. (廈門建發紙業有限公司) from February 2002 to May 2010; the deputy general manager of Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司) since December 2015; the deputy secretary of the party committee and general manager of Xiamen C&D Group Co., Ltd. since February 2022. He is also a director of C&D Real Estate Corporation Limited (建發房地產集團有限公司) since May 2020; a director of Lianfa (Group) Co., Ltd. (聯發集團有限公司) since May 2020.

Mr. ZHENG obtained his bachelor's degree from Xiamen University in July 1993.

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

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

Mr. LI Jianhong, aged 51, joined the Company in February 2013 and served as a vice general manager of the Company from March 2013 to August 2023. He served as an executive Director from February 2023 to December 2024 and was re-designated as a non-executive Director in December 2024. Prior to joining the Company, Mr. LI worked as the head of the finance department of Xiamen Customs in the 1990s. Mr. LI joined Man Wah Holdings Limited (敏華控股有限公司, a company listed on the Stock Exchange under the stock code of 1999), in September 2000 and served as its executive director and chief operating officer from April 2005 to October 2011. Mr. LI has also been the chairman of the board of directors of Dongyan Automotive Technology Co., Ltd. (東研汽車科技有限公司), formally known as Dongfeng Design Institute Co., Ltd. (東風設計研究院有限公司) since June 2019. Mr. LI graduated with a bachelor's degree in accounting from Xiamen University (廈門大學) in July 1994, and obtained an Executive Master of Business Administration Degree (EMBA) in distance education from Peking University (北京大學) in January 2007. Mr. LI obtained a master of business administration degree from Booth School of Business, University of Chicago (芝加哥大學布斯商學院) in March 2010. Mr. LI was accredited as a Chinese Certified Public Accountant (non-practicing member) by The Chinese Institute of Certified Public Accountant (中國註冊會計師協會) in June 2001.

Directors, Supervisors and Senior Management

Ms. XU Di, aged 36, joined the Company in August 2023 and served as a non-executive Director. Ms. XU joined Alibaba Group Holding Limited (阿里巴巴集團控股有限公司, a company listed on the New York Stock Exchange under the stock code of BABA and the Stock Exchange under the stock code of 9988, “**Alibaba Group**”) in July 2017, and is currently an investment director of Alibaba Group. Ms. XU previously worked as a research analyst at China International Capital Corporation Limited (中國國際金融有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 601995 and the Hong Kong Stock Exchange under the stock code of 3908) from September 2010 to August 2011; an investment analyst at International Finance Corporation (國際金融公司) from September 2011 to July 2013; and an associate director of investment at CICC ALPHA (Beijing) Investment Fund Management Co., Ltd. (中金甲子(北京)私募投資基金管理有限公司) from August 2015 to July 2017.

Ms. XU graduated from the Wharton School of the University of Pennsylvania (美國賓夕法尼亞大學沃頓商學院) in June 2015 with a master’s degree in business administration.

Mr. SONG Guangbin, aged 42, joined the Company in August 2023 and served as a non-executive Director. Mr. SONG graduated from Beijing University of Technology (北京工業大學) in July 2005, with a bachelor’s degree in information and computing sciences. Mr. SONG has served as the chief operating officer of Jiabao Shengshi (Beijing) Network Technology Co., Ltd. (家寶盛世(北京)網路科技有限公司) from September 2005 to May 2013; the general manager of the e-commerce and marketing division of Beijing Fuyuan Pharmaceutical Co., Ltd. (北京福元醫藥股份有限公司) (a company listed on the Shanghai Stock Exchange under the stock code of 601089) from October 2013 to October 2015. He has worked at Alibaba Group since November 2015 and successively served as the general manager of Tmall Home Decoration and Building Materials Customization Industry, the general manager of Tmall Home Decoration and Appliances New Retail, and the general manager of Taobao Tmall Home Decoration and Home Furnishing New Retail.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. XUE Wei, aged 46, has been appointed as our independent non-executive Director of the Company since August 2023. Mr. XUE has been serving as a lecturer and associate professor in Xiamen National Accounting Institute (廈門國家會計學院) since December 2015, and the director of the editorial department of “Yunding Caishuo” (雲頂財說) of Xiamen National Accounting Institute since January 2018, engaging in the teaching and training of finance and accounting, tax theory and practice and business practice, and was appointed as a researcher of the China Taxation Research Institute for Large Enterprises (中國大企業稅收研究所) in August 2022. He has been a consulting partner of Mazars CPA Limited LLP (中審眾環會計師事務所(特殊普通合伙)) and Haihua Tax Accountant Firm Co., Ltd. (海華稅務師事務所有限公司) since July 2020, engaging in the research of finance and taxation practice.

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

Directors, Supervisors and Senior Management

Mr. CHEN Shanang, aged 58, has been appointed as our independent non-executive Director of the Company Since August 2023. Mr. CHEN has been teaching in the Department of Finance, School of Economics, Xiamen University since March 1990. He had served as an independent director of listed companies including Xiamen Kehua Hengsheng Co., Ltd. (廈門科華恒盛股份有限公司, a company now known as Kehua Data Co., Ltd. (科華數據股份有限公司) and listed on the Shenzhen Stock Exchange under the stock code of 002335), Shenzhen Soling Industrial Co., Ltd. (深圳市索菱實業股份有限公司, a company listed on the Shenzhen Stock Exchange under the stock code of 002766) and Bank of Changsha Co., Ltd. (長沙銀行股份有限公司, a company listed on the Shanghai Stock Exchange under the stock code of 601577) and non-listed companies including China Industrial Asset Management Co., Ltd. (興業資產管理有限公司), Xiamen Keytop Comm. & Tech. Co., Ltd. (廈門科拓通訊技術股份有限公司) and Fujian Kaili Bio-product Co., Ltd. (福建凱立生物製品有限公司). He is currently an associate professor and postgraduate tutor in the Department of Finance, School of Economics, Xiamen University.

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

Mr. HUANG Jianzhong, aged 62, has been appointed as our independent non-executive Director since August 2023. Mr. HUANG had served as the deputy director of the Department of Foreign Trade, the director of the Department of International Trade, the deputy dean of the School of Economics of Xiamen University and the director of the Fujian Province Enterprise Planning Center. He is currently the director of the WTO Asia Pacific Training Center (世界貿易組織亞太培訓中心); the deputy secretary-general and deputy party secretary (at deputy department director level) of the China Association of International Trade (中國國際貿易學會); the president of Shanghai Association of International Trade (上海市國際貿易學會); the head and chief expert of the “HUANG Jianzhong Studio” (黃建忠工作室) of the Decision-making Consultation Base of the Shanghai Municipal People’s Government; the director of the Academic Committee, a member of the Ethics Committee, a professor and a doctoral advisor of Shanghai University of International Business and Economics (上海對外經貿大學); a member of the Overseas Chinese Ethnic Religion Affairs Committee and the Foreign Affairs Committee of the 15th Shanghai Municipal People’s Congress (上海市第十五屆人民代表大會), and the deputy to the 16th Shanghai Municipal People’s Congress (上海市第十六屆人大代表).

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

Mr. WONG Chi Wai, aged 55, has been appointed as our independent non-executive Director since August 2023. Mr. WONG has served as the vice president and general counsel for Asia in Taubman Asia Management Limited (塔博曼亞洲管理有限公司) from 2011 to 2022 and the head of the legal department in Great Eagle Holdings Limited (香港鷹君集團有限公司, a company listed on the Stock Exchange under the stock code of 0041) from 2006 to 2011. Mr. WONG Chi Wai obtained his bachelor’s degree in laws from the University of Hong Kong (香港大學) and Peking University in 1991 and 1998 respectively, and obtained his master’s degree in laws from the University of Hong Kong in November 2018. Mr. WONG Chi Wai has worked in several international law firms, including Baker & McKenzie (貝克•麥堅時律師事務所), Sidley Austin LLP (美國盛德律師事務所) and Herbert Smith Freehills LLP (史密夫斐爾律師事務所).

Mr. CAI Qinghui, aged 50, has been appointed as our independent non-executive Director since August 2023. Mr. CAI has been working in the School of Law of Xiamen University since August 2000 and has been working as a teaching assistant in the Department of Law of Xiamen University, a lecturer in the Department of Law of Xiamen University and a part-time attorney in Fidelity Law Firm (福建聯合信實律師事務所), etc. He has been serving as an associate professor and a master advisor in the School of Law of Xiamen University since August 2005.

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

Directors, Supervisors and Senior Management

SUPERVISORS

Mr. CHEN Jiasheng, aged 65, joined to Company in August 2023 and has been the chairman of the Supervisor Committee. Mr. CHEN successively served as the chief accountant and general manager of Jiannan Group (建南集團) of Xiamen University; the deputy director of property management committee of Xiamen University, the general manager of Shenzhen CITIC Stock Co., Ltd. of CITIC Group (中信集團深圳中信股份有限公司); the general manager, chairman and secretary of the party committee of CITIC Huizhou Company (中信惠州公司) and Huizhou Road & Bridge Company (惠州路橋公司); the general manager assistant and deputy general manager of CITIC (Shenzhen) Company (中信(深圳)公司), and the general manager of CITIC Suzhou Company (中信蘇州公司); the general manager of CITIC Shenzhen Investment Group (中信深圳投資集團), as well as the chairman of Reproductive and Genetics Hospital of CITIC-XIANGYA (中信湘雅遺傳與生殖專科醫院)/China Southwest Resources Joint Development Co., Ltd (中國西南資源聯合開發有限公司), the chairman of CITIC Shenzhen Hong Kong Company (中信深圳香港公司) and the vice chairman and executive vice president of CITIC Dameng Mining Industries Co., Limited (中信大錳礦業有限責任公司); the president of Shenzhen Hao Chuang Investment Group Co., Ltd (深圳市昊創投資集團有限公司); the vice president of Dalian Yongjia Group Co., Ltd. (大連永嘉集團有限公司); the chief executive officer of RSM Holding and the chief investment officer of Xiamen Deyi Equity Investment Management Co., Ltd. (廈門德屹股權投資管理有限公司). He is currently served as an independent director of Zhongrun Resources Investment Corporation (中潤資源投資股份有限公司, a company listed on the Shenzhen Stock Exchange under the stock code of 000506).

Mr. CHEN Jiasheng graduated from Xiamen University with a master's degree in economics in June 2002.

Ms. MA Chenguang, aged 47, joined the Company in August 2023 and has been an independent Supervisor. Ms. MA has served as a senior partner and First-Class Lawyer of Shanghai Co-effort Law Firm (上海市協力律師事務所), Deputy Director of the Finance Professional Committee of the All China Lawyers Association (全國律協金融專業委員會), an independent director of SWS MU Fund Management Co., Ltd. (申萬菱信基金管理有限公司), an independent non-executive director of Yadea Group Holdings Ltd. (雅迪集團控股有限公司, a company listed on the Stock Exchange under the stock code of 1585), and an independent director of Tianjin Trust Co., Ltd. (天津信託有限責任公司) since January 2023. Ms. MA has served as the legal specialist of Shanghai Yidong Construction Development Co., Ltd. (上海怡東建設發展有限公司) from 2000 to 2003.

Ms. MA graduated from Fudan University (復旦大學) and obtained a master of law degree in January 2012.

Mr. TANG Rongzhen, aged 38, has joined the Company and served as the vice president of the Company since July 2023, and he has been the employee representative Supervisor since August 2023. Mr. TANG worked as a recruiting specialist in Southeast Rongtong (China) System Engineering Co., Ltd. (東南融通(中國)系統工程有限公司) from July 2009 to July 2012. He successively served as a senior recruitment specialist and the human resource manager in Xiamen Tungsten Co., Ltd. (廈門鎢業股份有限公司) from August 2012 to January 2017. He successively served as the professional manager, the senior manager, the deputy general manager of the human resource department, the deputy general manager of the training center in Xiamen C&D Inc. (廈門建發股份有限公司, listed on the Shanghai Stock Exchange, stock code: 600153) and the director of the human resource department in Xiamen C&D Steel Group Co., Ltd. (廈門建發鋼鐵集團有限公司) from February 2017 to July 2023. Mr TANG graduated from Xiamen University (廈門大學) with a master of business administration degree in June 2024.

Mr. WANG Shouyi, aged 50, has joined the Company since 2008. He currently serves as the audit director of the Company, responsible for organizing internal audits and assessing the soundness and effectiveness of internal controls, and he has been the employee representative Supervisor since August 2023. Mr. WANG started working in 1995 and has extensive experience in financial management, risk management and internal audits, and has successively engaged in financial management and internal audits in state-owned enterprises and private enterprises. Mr. WANG graduated from East China Normal University (華東師範大學) with a master's degree in January 2016. He has been qualified as a senior accountant, a certified public accountant (non-practicing member), a certified tax agent, a CIA (international certified internal auditor), a CISA (international certified information system auditor), and a CAP (international certified anti-fraud practitioner).

Directors, Supervisors and Senior Management

SENIOR MANAGEMENT

Mr. CHE Guoxing, aged 50, has served as the general manager of Changzhou Red Star Furniture Industrial City Shopping Mall (常州紅星傢俱工業城商場), the general manager of shopping malls of Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾傢俱城有限公司), the president of RSM Holding, and is currently the vice general manager and executive president of the Company; Mr. CHE is currently a member of the Standing Committee of the Seventeenth National People's Congress of the Putuo District of Shanghai, a deputy to the Seventeenth National People's Congress, and a vice president of the Federation of Industry and Commerce of the Putuo District of Shanghai. Mr. CHE was awarded the title of Shanghai Model Worker in 2020, the Shanghai May 1st Labor Medal in 2019, the Outstanding President of the Shanghai Federation of Industry and Commerce in 2017-2018, Shanghai Outstanding Builder in 2014, and Shanghai Top Ten Outstanding Youths in Cooperation and Exchange. Mr. CHE graduated from Arizona State University, USA and obtained a master's degree in December 2012.

Ms. QIU Zhe, aged 47, has been the Executive President since joining our Company in July 2021, and she has also served as the Secretary to the Board since December 2021, mainly responsible for the Company's legal compliance, corporate governance, investor relations, information disclosure, internal control and audit supervision, among other related matters. Ms. QIU has the practicing qualification of Chinese certified public accountant and was accredited as the Secretary to the Board by the Shanghai Stock Exchange in September 2021. Prior to joining our Company, Ms. QIU worked at Ernst & Young Hua Ming LLP Shanghai Branch from September 1999 to May 2018; she then worked at the Investor Relations Department of Alibaba Group and served as Director of Investor Relations from June 2018 to June 2021. Ms. QIU has obtained a master's degree in accounting from the Chinese University of Hong Kong, and was accredited as the certified public accountant by the Chinese Institute of Certified Public Accountants.

Report of Directors

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

CORPORATE INFORMATION, GLOBAL OFFERING AND A-SHARE LISTING

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

PRINCIPAL ACTIVITIES

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

- i. Owned/Leased Portfolio Shopping Malls including leasing floor areas to the tenants and providing comprehensive and continuous operation and management support to them;
- ii. Managed Shopping Malls including providing initiation, consultation and management services to the Group's partners and the construction contractors to develop and manage the shopping malls under the Group's own brand;
- iii. Construction and decoration services including providing building installation, decorating services and related decorating services in shopping malls, which are held by owners of Managed Shopping Malls and owners of external commercial properties.

Please refer to Note 54 to the Consolidated Financial Statements on page 298 for details of the principal activities of the principal subsidiaries of the Group. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

SUMMARY OF FINANCIAL INFORMATION AND OPERATING RESULTS

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

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the section headed "Chairman's Statement" on page 7 as well as the section headed "Management Discussion and Analysis" on page 10. Description of possible risks that the Group may be facing can be found in the section headed "Management Discussion and Analysis" on page 24. Also, the risk management objectives and policies of the Group can be found in the section headed "Corporate Governance Report" on page 79. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2024 are provided in the section headed "Report of Directors" on page 73. An analysis of the Group's performance during the year using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" on page 16.

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

Report of Directors

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

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

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

The Board has overall responsibility for our environmental, social and governance (“**ESG**”) strategy and reporting. The Board is responsible for evaluating and determining our ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. A confirmation regarding effectiveness of these systems has been provided to the Board for the year ended 31 December 2024. A separate ESG report complying with the disclosure requirements under Appendix C2 to the Listing Rules will be published by the Group on the same day as this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

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

DIVIDEND POLICY

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

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

RELATIONS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

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

KEY RISKS AND UNCERTAINTIES

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

BANK LOANS AND OTHER BORROWINGS

Please refer to Note 34 to the Consolidated Financial Statements on page 213 for details of bank loans and other borrowings of the Group as of the end of the Reporting Period.

BONDS/DEBT INSTRUMENTS

On 13 August 2022, the Group issued US\$-denominated bonds totally US\$249.7 million with fixed interest rate, at a coupon rate at 5.2%. The maturity of the bond is 3 years, shall be paid semi-annually. For details, please refer to the announcements of the Company dated 23 August 2022 and 24 August 2022 which were issued on the website of the Hong Kong Stock Exchange.

CONTINGENT LIABILITIES

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

INVESTMENT PROPERTIES

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

No.	Property	Existing use	Market value in existing state as at the end of the Reporting Period RMB '000
1.	Shanghai Zhenbei Phase II Mall No. 1058 Zhenbei Road Putuo District Shanghai The PRC	Shopping Mall	5,700,000
2.	Shanghai Pudong Hunan Mall No. 518 Linyu Road Pudong New District Shanghai The PRC	Shopping Mall	5,040,000
3.	Shanghai Wenshui Mall No. 1555 Wenshui Road Baoshan District Shanghai The PRC	Shopping Mall	4,269,000
4.	Nanjing Kazimen Mall No. 29 Kazimen Street Qinhuai District Nanjing City Jiangsu Province The PRC	Shopping Mall	4,064,000
5.	Zhengzhou Shangdu Mall No. 1 Shangdu Road Zhengdong New District Zhengzhou City Henan Province The PRC	Shopping Mall	3,887,000

Report of Directors

No.	Property	Existing use	Market value in existing state as at the end of the Reporting Period RMB '000
6.	Shenyang Tiexi Mall No. 35 Bei Er East Road Tiexi District Shenyang City Liaoning Province The PRC	Shopping Mall	2,621,000
7.	Hangzhou Zhizun Mall No. 888 Gudun Road Xihu District Hangzhou City Zhejiang Province The PRC	Shopping Mall	2,568,000
8.	Chongqing Jiangbei Shopping Mall No. 888 Xinnan Road Yubei District Chongqing The PRC	Shopping Mall	2,433,000
9.	Beijing East Fourth-Ring Mall No. 193 East Fourth-Ring Middle Road Chaoyang District Beijing The PRC	Shopping Mall	2,212,000
10.	Beijing North Fourth Ring Shopping Mall No. 1 Beishatan Chaoyang District Beijing The PRC	Shopping Mall	2,198,000

PROPERTY, PLANT AND EQUIPMENT

Please refer to Note 18 to the Consolidated Financial Statements on page 186 for details of movements in the property, plant and equipment of the Group for the end of the Reporting Period.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at the end of the Reporting Period amounted to RMB6,329.85 million.

Please refer to the Company's statement of changes in equity on page 111 and the Company's consolidated statement of financial position on page 108 for the change in reserves of the Group and information about the statement of financial position of the Company for the end of the Reporting Period.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY, ASSOCIATES AND JOINT VENTURES

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

FINAL DIVIDEND

The Board has proposed not to distribute cash dividend and not to convert capital reserve into share capital in 2024.

TAXATION RELIEF

Pursuant to the PRC Individual Income Tax Law 《中華人民共和國個人所得稅法》, the Implementation Regulations of the PRC Individual Income Tax Law 《中華人民共和國個人所得稅法實施條例》, other laws and regulations and relevant regulatory documents promulgated by the State Taxation Administration of the PRC, the Company shall, as a withholding agent, withhold and pay individual income tax at the rate of 10% for the individual holders of H Shares in respect of the dividend to be distributed to them. The individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between mainland China, Hong Kong, or Macau.

For non-resident enterprise holders of H Shares, the Company will withhold and pay enterprise income tax at the tax rate of 10% for such holders of H Shares pursuant to relevant regulatory documents of the State Taxation Administration of the PRC.

Report of Directors

For investors of the Shanghai Stock Exchange investing in the H Shares of the Company, the Company will distribute the cash dividend to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited which, as the nominee of the investors of H Shares of Southbound Trading, will then distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depository and clearing system. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》, for domestic individual investors, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For domestic securities investment funds, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for domestic enterprise investors which shall report and pay the relevant tax themselves. The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares of the Company.

Should the holders of H Shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in mainland China, Hong Kong, and other countries (regions) on the possession and disposal of the H Shares of the Company.

RETIREMENT BENEFITS

Please refer to Note 42 to the Consolidated Financial Statements on page 224 for details of retirement benefits of the Group for the end of the Reporting Period.

FINANCIAL SUMMARY

The Group's financial summary for the last five financial years is set out on page 326 of this annual report. This summary does not form part of the Consolidated Financial Statements.

MAJOR SUPPLIERS AND CUSTOMERS

The sales attributable to top five customers were RMB322.2 million, accounting for 4.1% of the total annual sales.

Purchases from the top five suppliers were RMB352.4 million, accounting for 30.62% of the total annual purchases. Purchases from the largest suppliers were RMB131.5 million, accounting for 11.4% of the total annual purchases.

For the year ended 31 December 2024, none of the Directors, their respective associates or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued Shares) has any interest in the Group's five largest suppliers.

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

CHARITABLE DONATIONS

Please refer to Note 8 to the Consolidated Financial Statements on page 171 for the donations by the Group for the end of the Reporting Period.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in Note 51 to the Consolidated Financial Statements, the following transactions constitute continuing connected transactions and connected transactions for the Company and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements of Chapter 14A of the Listing Rules for all the continuing connected transactions and connected transactions.

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

Connected Transactions

1. Changzhou Lease Contract

On 26 March 2024, Changzhou Meikailong International Computer & Household Electric Appliance Decoration City ("**Changzhou Meikailong**"), a wholly-owned subsidiary of the Company, and Changzhou Hongxing Furniture Decoration Mall ("**Changzhou RSHFC**") agreed to enter into a leasing contract (the "**Changzhou Lease Contract**"), pursuant to which, Changzhou RSHFC will lease its premises located at No. 70, Feilong East Road, Changzhou, Jiangsu Province, China to Changzhou Meikailong for furnishing mall operation, with a total lease payment of RMB24,538,600, from 1 April 2024 to 31 March 2025. Because Changzhou RSHFC is a sole proprietorship enterprise established by Mr. CHE Jianxing in his personal capacity, in accordance with applicable Chinese laws, the transfer of the properties to the Group through the transfer of assets will have a tax impact on Changzhou RSHFC and the impact will ultimately be transferred to the purchase price of the properties concerned. Therefore, we decided to lease the properties from Changzhou RSHFC, in order to manage and operation Changzhou Furniture Decoration Mall. Continuing the lease of these properties will save considerable time and cost. It is commercially necessary and advantageous to enter into the Changzhou Lease Contract, which will avoid any disruption to business operations and have a positive impact on current and future results.

RSM Holding is a substantial shareholder of the Company, therefore, RSM Holding and its associates (i.e. Changzhou RSHFC, a controlled company of the executive Director of the Company, Mr. CHE Jianxing) are connected persons of the Company. Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Under IFRS No. 16 "Lease", the Company will recognize the value of the relevant right-of-use assets under the Changzhou Lease Contract and the Transactions hereunder will be treated as the acquisition of assets by the Company under the Listing Rules and constitute a one-time connected transaction of the Company under Chapter 14A of the Listing Rules. The total value of the right-of-use assets, the present value of the payments to be recognized by the Company under the Changzhou Lease Contract is estimated to be approximately RMB23.3 million (audited). As the highest applicable percentage ratio applied in respect of the connected transactions contemplated under the Changzhou Lease Contract is more than 0.1% but less than 5%, the abovementioned transactions are subject to the reporting and announcement requirements, but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 26 March 2024.

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2. Entering into Supplemental Agreement of The General Contract Engineering Agreement

Reference are made to the announcements (the “**Announcements**”) of the Company dated 6 August 2020, 30 March 2021 and 30 March 2023 in relation to the Decoration and Renovation Engineering and Construction Service Framework Agreement (the “**Framework Agreement**”) entered into between the Company and RSM Holding. Jiangsu Sunan Construction and Installation Engineering Co., Ltd. (江蘇蘇南建築安裝工程有限公司, “**Jiangsu Sunan Construction**”) entered into a separate underlying agreement (the “**Service Agreement**”) with Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司, “**Zhejiang Haixin**”) under the Framework Agreement, pursuant to which Jiangsu Sunan Construction shall provide decoration and renovation engineering and construction related services (the “**Services**”) to Zhejiang Haixin in relation to a project located at Dongxin Road, Xiashang District, Zhanjiang City, Guangdong, the PRC (the “**Project**”) with a total gross floor area of approximately 113,155 m². The Service Agreement have expired and considering the progress of the Project, Jiangsu Sunan Construction and Zhejiang Haixin have agreed to enter into a supplemental agreement (the “**Supplemental Agreement I**”) on 26 March 2024 to extend the duration of the Service Agreement to 15 December 2025. On 27 September 2024, the Board has also approved Jiangsu Sunan Construction to enter into the Supplemental Agreement II with Zhanjiang Haixin (the “**Supplemental Agreement II**”), pursuant to which, the consideration under the Service Agreement will be revised from approximately RMB219.11 million (exclusive of tax) to approximately RMB212.86 (exclusive of tax), and the total gross floor area of the Project will be adjusted from approximately 113,155 m² to approximately 112,703 m². Save for such revision of consideration and the total gross floor area of the Project under the Service Agreement, the principal terms of the Service Agreement and Supplemental Agreement I remain unchanged.

Zhanjiang Haixin is a subsidiary of RSM Holding. Therefore, Zhanjiang Haixin is a connected person of the Company, and the transaction contemplated under the Supplemental Agreement I, Supplemental Agreement II and the Service Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio applied in accordance with Rule 14.07 of the Listing Rules in respect of the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting, announcement and annual review requirements, but is exempt from the circular (including independent financial advice) and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcements of the Company dated 26 March 2024 and 27 September 2024, respectively.

Continuing Connected Transactions

(i) Design Services Framework Agreement of RSM Holding

On 30 March 2023, Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司) ("**Shanghai Macalline Building Design**"), an indirect wholly-owned subsidiary of the Company entered into the design services framework agreement with RSM Holding effective from 1 April 2023. Pursuant to which, Shanghai Macalline Building Design provided design services to RSM Holding or its subsidiaries for a consideration of not more than RMB40,000,000 with a term of one year which expired on 31 March 2024. For further details, please refer to the announcement of the Company dated 30 March 2023.

RSM Holding is held as to 92% by Mr. CHE Jianxing, chief executive officer and an executive Director of the Company. Shanghai Macalline Building Design is an indirect wholly-owned subsidiary of the Company. As a result, RSM Holding and its associates are connected persons of the Company and the transactions under the above-mentioned design services framework agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of the engineering design services provided by Shanghai Macalline Building Design, the Directors believe that the Group will be able to ensure that the design work necessitated by the commercial buildings managed by RSM Holding and its subsidiaries are of satisfactory quality. The Directors also consider that entering into the design services framework agreement allows the Group to better manage the quality of the relevant commercial buildings and lays a solid foundation for the long-term development of such commercial buildings. For further details, please refer to the announcements of the Company dated 30 March 2023.

During the Reporting Period, according to the above-mentioned design services framework agreements, the amount of engineering design services charged to RSM Holding was RMB0.12 million.

Report of Directors

(ii) Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding

On 30 March 2023, the Company and RSM Holding entered into the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with effect from 1 April 2023, pursuant to which the Company or its subsidiaries will provide renovation engineering and construction services to RSM Holding or its subsidiaries for a consideration of up to RMB110,000,000, with a term of one year which expired on 31 March 2024. For further details, please refer to the announcement of the Company dated 30 March 2023.

RSM Holding is the substantial shareholder of the Company, therefore, RSM Holding and its associates are connected persons of the Company, and the transactions under the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Directors believe that the Group will be able to further expand the scale of decoration and renovation business and improve the ability to undertake business through the decoration engineering and construction services provided by the Group, which will lay a foundation for the long-term development of decoration and renovation engineering businesses and supply chain business of the Group and has a positive impact on the current and future results.

During the Reporting Period, according to the Service Framework Agreement in respect of Decoration and Renovation Engineering and Construction with RSM Holding, the engineering construction fees actually incurred by RSM Holding was RMB7.08 million.

(iii) Framework Agreement for Software and Computer Information System Integration Services with Shanghai Red Star Cloud

On 30 March 2023, the Company and Shanghai Red Star Cloud Computing Technology Co., Ltd. (“**Shanghai Red Star Cloud**”), an indirect subsidiary of RSM Holding, entered into a framework agreement for computer information system integration services, pursuant to which Shanghai Red Star Cloud will provide computer information system integration services to the Company and its subsidiaries at a consideration of up to RMB45,200,000, for a term from 1 April 2023 to 31 March 2024.

RSM Holding is the substantial shareholder of the Company, and Shanghai Red Star Cloud is its indirect subsidiary. Therefore, Shanghai Red Star Cloud is a connected person of the Company, and the transactions under the framework agreement for computer information system integration services constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

The Directors believe that through the computer information system integration services provided by Shanghai Red Star Cloud, the Company will be able to better communicate and understand project requirements, manage the project progress and quality, while in order to ensure the safety and stability of the system project, Shanghai Red Star Cloud can provide follow-up irregular services. For further details, please refer to the announcement of the Company dated 30 March 2023.

During the Reporting Period, according to the framework agreement for computer information system integration services, the real amount of computer information system integration services provided to the Company was RMB0 million.

(iv) Products Procurement Agreement and Electricity Purchase Framework Agreement

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

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

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

During the Reporting Period, according to the Products Procurement Agreement, the procurement amount actually incurred by the Company was RMB3,159 thousand. According to the Electricity Purchase Framework Agreement, the electricity procurement amount actually incurred by the Company was RMB0 million.

Report of Directors

(v) Master Service Provision Agreement

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

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

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

During the Reporting Period, according to the Master Service Provision Agreement, the service fee actually incurred by the Company was RMB7,159.4 thousand.

(vi) Master Lease Agreement

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

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

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

During the Reporting Period, according to the Master Lease Agreement, the actual lease payments received attributable to the reporting period by the Company was RMB2,658.2 thousand.

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

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

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

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

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

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Each of the contract management agreements is for a term ranging from 3 to 10 years commencing from its respective signing date. On 27 September 2024, the Company entered into supplemental agreements (“**Supplemental Agreements**”) with Yangzhou RSHFP and Jining Hongrui for a fixed term of one year. As the Group will continue carrying out the transactions contemplated thereunder in its ordinary and usual course of business, the Board proposed to set the new annual caps for the contract management agreement with Shaanxi Hongrui Home Furnishings Plaza Co., Ltd., Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. and Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. which in turn also lead to changes to the overall annual caps for the contract management transactions for the years ended 31 December 2024 and 2025. For each of the years ended 31 December 2024 and 2025, the Company received management fees in the total amount of RMB16.0 million and RMB12.38 million under the five contract management agreements with the Associated Business Partners.

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

During the Reporting Period, the management fees received and receivable by the Company pursuant to these agreements and these supplemental agreements amounted to RMB9.63 million.

Most of the home improvement and furnishing shopping malls managed and operated by us under the five contract management agreements are located in Tier III Cities and other cities in the PRC. The Associated Business Partners intended to leverage our operational experience and reputation through cooperation with us. Our Directors believe that it is in our interest, and in line with our business strategy, to leverage the Associated Business Partners’ knowledge and experience to expand our geographic coverage and improve our market share and brand awareness in these new local markets, with relatively low capital need, for further details, please refer to the announcement of the Company dated 27 September 2024.

(viii) Entrusted Operation and Management Agreement

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

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

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

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

RMB in million

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

During the Reporting Period, pursuant to the Entrusted Operation and Management Agreement, the Company incurred fees of RMB0 million.

Confirmation of Independent Non-executive Directors

The independent non-executive Directors, after taking into consideration of factors such as market environment, transaction amounts, corporate governance, have confirmed that the abovementioned continuing connected transactions and connected transactions for the year ended 31 December 2024 were entered into by the Group: (i) in the ordinary course of business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Report of Directors

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

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

Confirmation of Auditor

The auditor of the Company has issued its unqualified letter to the Board, which containing its findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, confirming that (i) nothing has come to their attention that causes the auditor to believe that the abovementioned continuing connected transactions have not been approved by the Board of Directors, (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group, (iii) nothing has come to their attention that causes the auditor to believe that the transactions were not carried out, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of each of the transactions, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the related annual caps for the year ended 31 December 2024.

SHARE CAPITAL

Please refer to Note 40 to the Consolidated Financial Statements on page 220 for details of movements in the Company's total issued shares for the end of the Reporting Period.

EQUITY-LINKED AGREEMENT

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

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

The Group did not purchase, sell or redeem any listed securities of the Company (including any sales of treasury shares) during the year ended 31 December 2024. As at 31 December 2024, the Company held 1,044,800 treasury shares in A Shares (the "**Treasury A Shares**"). The Treasury A Shares will be reserved exclusively for the employee stock ownership plan or share incentive plan of the Company. If the Company fails to implement the aforementioned purposes within the period prescribed by laws and regulations, the Treasury A Shares will be cancelled.

A Share Employee Stock Ownership Plan

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

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

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

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

Report of Directors

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

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

Given that some holders of the Employee Stock Ownership Plan have indicated to the Employee Stock Ownership Plan Management Committee ("**Management Committee**") their intention not to continue to hold the units under the Employee Stock Ownership Plan during the extended term of the Employee Stock Ownership Plan and have issued in writing the confirmation letter of disposal of the units under the third phase of the Employee Stock Ownership Plan of Red Star Macalline Group Corporation Ltd. in advance during the extended term, after the expiration of the lock-up period of the Employee Stock Ownership Plan, the Employee Stock Ownership Plan Management Committee, in order to exercise its rights to manage the distribution of benefits under the Employee Stock Ownership Plan and to decide on the dispose and distribution of the Underlying Shares, had entrusted Shaanxi International Trust Co., Ltd. to dispose a total of 3,801,700 A Shares of the Company held through the Trust Scheme, during the period between 18 September 2024 to 30 September 2024. As at the date of this report, the Employee Stock Ownership Plan held a total of 5,816,200 A Shares of the Company.

PUBLIC ISSUANCE OF A SHARE 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 31 December 2024 is as follows:

Unit: RMB'000							
Total Proceeds		3,222,450					
Issuance expenses		172,442					
Net proceeds		3,050,008					

Proposed investment projects		Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Total investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
Home furnishing shopping mall construction project	Tianjin Beichen Shopping Mall Project	245,137	245,137	-	-	245,137	-	Fully invested
	Hohhot Yuquan Shopping Mall Project	76,825	76,825	-	-	76,825	-	Fully invested
	Dongguan 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
	Urumqi Convention and Exhibition Mall Project ⁽²⁾⁽³⁾	669,084	666,733	2,351	-	666,733	-	Fully invested
	Changsha Jinxia Shopping Mall Project ⁽²⁾⁽³⁾	190,000	163,181	43,762	-	146,238	16,943	Concluded. The Company is expected to fully utilize the aforesaid outstanding amounts by 31 December 2026 in accordance with the requirements of the Listing Rules.
	Xining Expo Shopping Mall Project	110,000	110,000	-	-	110,013 ⁽¹⁾	-	

Report of Directors

Proposed investment projects	Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Total investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
New Intelligent Home Furnishing Shopping Mall Project ^{(2) (3)}	400,000	117,276	282,936	88	117,152	124	Terminated. The Company is expected to fully utilize the aforesaid outstanding amounts by 31 December 2026 in accordance with the requirements of the Listing Rules.
Repayment of bank loans	400,000	400,000	–	–	400,000	–	Fully invested
Supplement of liquidity	150,008	150,008	–	–	150,008	–	Fully invested
Repayment of interest-bearing debts	350,000	350,000	–	–	350,000	–	Fully invested
General working capital ⁽³⁾	–	311,893	–	40,000	40,000	271,893	The Company is expected to fully utilize the aforesaid outstanding amounts by 31 December 2026 in accordance with the requirements of the Listing Rules.
Total	3,050,008	3,050,008	329,048	40,088	2,761,060	288,960	

Notes:

- Including the interest generated from the proceeds account and used for the project.
- References are made to the announcements of the Company dated 1 April 2024, 23 May 2024 and the circular of the Company dated 29 April 2024. The resolution concerning the conclusion, extension, suspension and termination of investment projects with partial proceeds of the Company's A shares (the "Resolution") was considered and approved at the third meeting of the fifth session of the Board, the third meeting of the fifth session of the Supervisory Committee and the 2023 annual general meeting of the Company. Pursuant to the Resolution, Changsha Jinxia Shopping Mall Project had been concluded after the approval of the shareholders at the 2023 annual general meeting, and the New Intelligent Home Furnishing Shopping Mall Project had been terminated after the approval of the shareholders at the 2023 annual general meeting, and the remaining proceeds from the aforesaid projects are used as general working capital (the actual amount is subject to the balance of the raised fund account on the day the funds are transferred out), the subsequent difference between interest income and handling fees generated by this part of the funds will also be used to as general working capital. As the construction of the Urumqi Convention and Exhibition Mall Project had been completed and opened for business operation, the remaining proceeds from the project are used as general working capital (the actual amount is subject to the balance of the raised fund account on the day the funds are transferred out), the subsequent difference between interest income and handling fees generated by this part of the funds will also be used to as general working capital.
- As of 31 December 2024, the amount of the total unutilized proceeds is approximately RMB328,960 thousand, among which, the amount to be paid for Changsha Jinxia Shopping Mall Project is approximately RMB16,943 thousand and the amount to be paid for New Intelligent Home Furnishing Shopping Mall Project is approximately RMB124 thousand. The remaining amount of approximately RMB311,893 thousand has been approved to be used for the general working capital purpose by the shareholders at the 2023 annual general meeting of the Company. During the year ended 31 December 2024, the Company had utilized the aforesaid RMB40 million for the general working capital purpose.
- The discrepancies between total and sums of amounts in the above table is due to rounding.
- 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 31 December 2024 is set out below:

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

Proposed investment projects	Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Total investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
Tmall "Home Decoration Tongcheng Station" Project ⁽¹⁾⁽⁴⁾	220,000.0	–	220,000.0	–	–	0 ⁽⁴⁾	Terminated.
3D Shejiyun Platform Construction Project ⁽¹⁾⁽⁴⁾	283,944.7	6,996.1	276,948.6	–	6,996.1	0 ⁽⁴⁾	Terminated. The proceeds have been fully utilized in accordance with the requirements of the Listing Rules.
Construction Project for New Generation Home Improvement Platform System ⁽¹⁾⁽⁴⁾	350,000.0	1,581.6	348,418.4	–	1,581.6	0 ⁽⁴⁾	Terminated. The proceeds have been fully utilized in accordance with the requirements of the Listing Rules.

Report of Directors

Proposed investment projects		Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Total investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
Home Furnishing Shopping Mall Construction Project	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	Postponed. This project is expected to extend to December 2026.
	Nanchang Chaoyang Xincheng Shopping Mall Project	160,910.0	160,910.0	–	–	160,910.0	–	Fully invested
Repayment of interest-bearing debts		1,103,509.1	1,103,509.1	–	–	1,103,509.1	–	Fully invested
General working capital ⁽¹⁾⁽⁴⁾		–	845,367.0	–	845,367.0	845,367.0	–	Fully invested
Total		3,678,363.8	3,678,363.8	1,845,018.4	845,367.0	2,678,712.4	999,651.4	

Notes:

- References are made to the announcements of the Company dated 1 April 2024, 23 May 2024 and the circular of the Company dated 29 April 2024. The resolution concerning the conclusion, extension, suspension and termination of investment projects with partial proceeds of the Company's A shares (the "Resolution") was considered and approved at the third meeting of the fifth session of the Board, the third meeting of the fifth session of the Supervisory Committee and the 2023 annual general meeting of the Company. Pursuant to the Resolution, Tmall "Home Decoration Tongcheng Station" Project, 3D Shejiyun Platform Construction Project and Construction Project for New Generation Home Improvement Platform System had been terminated after the approval of the shareholders at the 2023 annual general meeting, and the remaining proceeds from the aforesaid project are used as general working capital (the actual amount is subject to the balance of the raised fund account on the day the funds are transferred out), and the subsequent difference between interest income and handling fees generated by this part of the funds will also be used to as general working capital.
- In accordance with the requirements of the Listing Rules, the management of the Company currently expects the balance of the proceeds to be utilized by the end of 2030. The foregoing expected time assumes the Company has obtained the necessary approval for the Company's redevelopment of the overall planning proposal by the Board and the shareholders at a general meeting of the Company in accordance with the requirements of the Procedures for the Administration of Proceeds.
- The difference between the totals in the above table is due to rounding.
- As at 31 December 2024, the proceeds from the 2020 non-public issuance of approximately RMB845.4 million shall be used for the general working capital purpose.
- The expected timetable for use of the balance of the investment amount is based on the Board's best estimate of the market conditions of business and is subject to change in the light of market conditions. The Company will publicly disclose changes in the timetable, if any, as and when appropriate in accordance with the requirements of the relevant rules in order to update its Shareholders and potential investors.

BOARD OF DIRECTORS

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

Executive Directors

Mr. CHE Jianxing
Mr. SHI Yaofeng
Mr. YANG Yingwu

Non-executive Directors

Mr. ZHENG Yongda (*Chairman*)
Mr. WANG Wenhui
Mr. ZOU Shaorong
Mr. LI Jianhong
Mr. SONG Guangbin
Ms. XU Di

Independent Non-executive Directors

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

Each of our Directors entered into a contract with the Company in August 2023. After Mr. LI Jianhong re-designated as a non-executive Director on 27 December 2024, the Company has entered into a new service contract with Mr. LI. In accordance with article 103 of the Articles of Association, the Directors shall be elected at general meetings for a term of three years, which is renewable upon re-election when it expires.

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

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

Report of Directors

SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

(i) The Company

Name of Shareholders	Title	Class of Shares	Nature of Interest	Number of Shares/ Underlying Shares Held	Approximate Percentage of the Relevant Class of Shares ⁽¹⁾	Approximate Percentage of Total Shares ⁽¹⁾
CHE Jianxing (車建興) ⁽²⁾	Chief Executive Officer and Executive Director	A Shares	Interest of controlled corporation	1,023,348,353 (Long position)	28.32%	23.50%
			Beneficial owner	435,600 (Long position)	0.01%	0.01%
			Interest of spouse	48,620 (Long position)	0.00%	0.00%
Li Jianhong (李建宏)	Non-executive Director	A Shares	Beneficial owner	1,134,330 (Long position)	0.03%	0.03%

Notes:

- (1) As at 31 December 2024, the Company had a total of 4,354,732,673 issued Shares, including 3,613,447,039 A Shares and 741,285,634 H Shares.
- (2) Mr. CHE Jianxing indirectly holds 23.50% of the total issued Shares of the Company through his 92.00% direct interest in Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) ("**RSM Holding**"), a limited liability company incorporated in the PRC, and is deemed to be interested in the 1,023,348,353 A Shares held by RSM Holding for the purpose of the SFO.

(ii) Associated Corporation

Name of Director	Name of Associated Corporation	Nature of interest	Equity Interest in the Associated Corporation held	Approximate Percentage of the Relevant Class of Shares ⁽¹⁾
CHE Jianxing (車建興)	RSM Holding ⁽¹⁾	Beneficial interest	184,000,000 (Long position)	92%

Note:

- (1) RSM Holding is the substantial shareholder of the Company, which is held as to 92% by Mr. CHE Jianxing and therefore an “associated corporation” of the Company within the meaning of Part XV of the SFO. As at 31 December 2024, RSM Holding held 1,023,348,353 A Shares of the Company which accounted for approximately 23.50% of the total issued Shares of the Company.

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

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

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

Name of Shareholders	Class of Shares	Capacity/ Nature of Interest	Number of Shares held	Approximate Percentage of the Relevant Class of Shares ⁽¹⁾	Approximate Percentage of Total Share Capital ⁽¹⁾
The State-owned Assets Supervision and Administration Commission of the Xiamen Municipal People's Government	A Shares	Interest of controlled corporation	1,304,242,436 (Long position)	36.09%	29.95%
RSM Holding	A Shares	Beneficial owner	980,325,353 (Long position)	27.13%	22.51%
		Interest of controlled corporation	43,023,000 (Long position)	1.19%	0.99%
CHEN Shuhong ⁽²⁾	A Shares	Interest of spouse	1,023,783,953 (Long position)	28.33%	23.51%
		Beneficial owner	48,620 (Long position)	0.00%	0.00%
Alibaba Group Holding Limited ⁽³⁾	A Shares	Interest of controlled corporation	290,747,243 (Long position)	8.05%	6.68%
	H Shares	Interest of controlled corporation	131,475,421 (Long position)	17.74%	3.02%
Taobao China Holding Limited ⁽³⁾	A Shares	Interest of controlled corporation	290,747,243 (Long position)	8.05%	6.68%
	H Shares	Beneficial owner	65,737,711 (Long position)	8.87%	1.51%
Taobao Holding Limited ⁽³⁾	A Shares	Interest of controlled corporation	290,747,243 (Long position)	8.05%	6.68%
	H Shares	Interest of controlled corporation	65,737,711 (Long position)	8.87%	1.51%
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) ⁽⁴⁾	A Shares	Interest of controlled corporation	290,747,243 (Long position)	8.05%	6.68%
Tao Bao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司) ⁽⁴⁾	A Shares	Interest of controlled corporation	290,747,243 (Long position)	8.05%	6.68%

Report of Directors

Name of Shareholders	Class of Shares	Capacity/ Nature of Interest	Number of Shares held	Approximate Percentage of the Relevant Class of Shares ⁽¹⁾	Approximate Percentage of Total Share Capital ⁽¹⁾
Hangzhou Haoyue Enterprise Management Co., Ltd. (杭州灝月企業管理有限公司) ⁽⁴⁾	A Shares	Beneficial owner	290,747,243 (Long position)	8.05%	6.68%
Alibaba Investment Limited ⁽³⁾	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.51%
New Retail Strategic Opportunities Fund GP, L.P. ⁽³⁾	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.51%
New Retail Strategic Opportunities Fund, L.P. ⁽³⁾	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.51%
New Retail Strategic Opportunities GP Limited ⁽³⁾	H Shares	Interest of controlled corporation	65,737,710 (Long position)	8.87%	1.51%
New Retail Strategic Opportunities Investments 4 Limited ⁽³⁾	H Shares	Beneficial owner	65,737,710 (Long position)	8.87%	1.51%
WONG Man Li ⁽⁵⁾	H Shares	Interest of controlled corporation	47,904,600 (Long position)	6.46%	1.10%
Man Wah Investments Limited ⁽⁵⁾	H Shares	Beneficial owner	47,904,600 (Long position)	6.46%	1.10%
HUI Wai Hing ⁽⁵⁾	H Shares	Interest of the spouse	47,904,600 (Long position)	6.46%	1.10%
WONG Luen Hei ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
UBS Trustees (B.V.I.) Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
New Fortune Star Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
Fuhui Capital Investment Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%
China Lesso Group Holdings Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	60,442,281 (Long position)	8.15%	1.39%

Report of Directors

Notes:

- (1) As at 31 December 2024, the Company had 4,354,732,673 issued Shares in total, comprised of 3,613,447,039 A Shares and 741,285,634 H Shares.
- (2) Ms. CHEN Shuhong is the spouse of Mr. CHE Jianxing. Under the SFO, Ms. CHEN Shuhong is deemed to be interested in the same number of Shares in which Mr. CHE Jianxing is interested.
- (3) New Retail Strategic Opportunities Investments 4 Limited is directly interested in the 65,737,710 H shares of the Company.

New Retail Strategic Opportunities Investments 4 Limited is directly 100% controlled by New Retail Strategic Opportunities Fund, L.P.

New Retail Strategic Opportunities Fund GP, L.P. is the general partner of New Retail Strategic Opportunities Fund, L.P. and New Retail Strategic Opportunities GP Limited is the general partner of New Retail Strategic Opportunities Fund GP, L.P.

New Retail Strategic Opportunities Fund GP, L.P. is directly 100% controlled by Alibaba Investment Limited, the limited partner of New Retail Strategic Opportunities Fund GP, L.P. Meanwhile, New Retail Strategic Opportunities GP Limited is directly 100% controlled by Alibaba Investment Limited. Alibaba Investment Limited is directly 100% controlled by Alibaba Group Holding Limited. Therefore, Alibaba Group Holding Limited is deemed to be interested in the 65,737,710 H shares.

Taobao China Holding Limited is directly interested in the 65,737,711 H shares of the Company.

Taobao China Holding Limited is directly 100% controlled by Taobao Holding Limited. Taobao Holding Limited is directly 100% controlled by Alibaba Group Holding Limited. Therefore, Alibaba Group Holding Limited is deemed to be interested in the 65,737,711 H shares.

Alibaba Group Holding Limited is deemed to be interested in the 131,475,421 H shares.

- (4) Hangzhou Haoyue Enterprise Management Co., Ltd. was 57.59% and 35.75% controlled by Tao Bao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd. respectively. Therefore, Tao Bao (China) Software Co., Ltd. and Zhejiang Tmall Technology Co., Ltd. are deemed to be interested in the Company's 290,747,243 A Shares held by Hangzhou Haoyue Enterprise Management Co., Ltd.
- (5) Man Wah Investments Limited is directly 80% controlled by Mr. WONG Man Li and Man Wah Investments Limited is directly interested in the 47,904,600 H Shares of the Company. Therefore, Mr. WONG Man Li is deemed to be interested in the 47,904,600 H shares through Man Wah Investments Limited.

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

- (6) UBS Trustees (B.V.I.) Limited who is the trustee and sole shareholder of Xi Xi Development Limited ("**Xi Xi Development**") which in turn is the sole shareholder of New Fortune Star Limited ("**New Fortune Star**") which in turn holds 68.28% of China Lesso Group Holdings Limited ("**China Lesso**") which in turn is the sole shareholder of Fuhui Capital Investment Limited ("**Fuhui Capital**"). The trust was established by Mr. WONG Luen Hei on 22 March 2017.

Accordingly, UBS Trustees (B.V.I.) Limited is deemed to be interested in the shareholding interest of each of Xi Xi Development, New Fortune Star, China Lesso and Fuhui Capital in the Company pursuant to the disclosure requirements under the SFO.

Save as disclosed above, as at the end of the Reporting Period, the Company is not aware of any other person (other than the Directors, Supervisors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Please refer to the section headed “Biographies of Directors, Supervisors and Senior Management” for biographical details of the Directors, Supervisors and senior management of the Company.

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

Each of our Directors entered into a contract with the Company in August 2023 ^(Note). The principal particulars of these service contracts comprise:

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

Note: The Company has entered into a new contract with Mr. LI Jianhong due to re-designated as a non-executive Director.

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

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

Mr. TANG Rongzhen and Mr. WANG Shouyi, the employee representative Supervisors as well as Mr. CHEN Jiasheng and Ms. MA Chenguang, the independent Supervisors, entered into service contracts with the Company in August 2023. The principal particulars of these service contracts comprise:

- (a) a term of three years commencing from the date on which the relevant Shareholders’ approvals for the appointment were obtained (save as from the date on which the third session of the Supervisory Committee commences for the employee representative Supervisors); and
- (b) termination provisions in accordance with their respective terms. The Supervisors may be re-appointed for successive reappointments.

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

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

Report of Directors

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

The Company does not have any controlling shareholder. As a result, there have been no significant contracts between the Company and any controlling shareholders or their subsidiaries.

MANAGEMENT CONTRACTS

For the year ended 31 December 2024, other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage the whole or any substantial part of any business of the Company during the Reporting Period.

DIRECTORS' PERMITTED INDEMNITY PROVISION

At no time during the year ended 31 December 2024 and up to the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors and Supervisors of the Company (whether made by the Company or otherwise) or of an associated company (if made by the Company). The Company has arranged appropriate directors' and senior officers' liability insurance coverage for the Directors and senior officers of the Group as at the end of the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

1. Property held by Changzhou RSHFC

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

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

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

NON-COMPETITION UNDERTAKING

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

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

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

DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

Please refer to Note 14 to the Consolidated Financial Statements on page 180 for details of the emoluments of the Directors, Supervisors and senior management and the five highest paid individuals of the Company.

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

(RMB)	2024 (members of senior management)	2023 (members of senior management)
1-1,000,000	–	2
1,000,001-1,500,000	–	2
1,500,001-2,000,000	3	–
2,000,001-2,500,000	1	1
2,500,001-3,000,000	–	1
3,000,001-3,500,000	–	1
3,500,001-4,000,000	1	–
4,000,001-4,500,000	–	–
4,500,001-5,000,000	–	–
5,000,001-5,500,000	2	–

REMUNERATION POLICY AND DIRECTORS' REMUNERATION

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

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

Our Directors receive compensation in the form of Directors' fees, salaries, housing allowances and other allowances, benefits in kind, the employer's contribution to the pension schemes and discretionary bonuses. Please refer to Note 13 to the Consolidated Financial Statements on page 175 for details of the Directors' remuneration as at the end of the Reporting Period.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

MATERIAL LEGAL PROCEEDINGS

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

Report of Directors

AUDITOR

At the second extraordinary general meeting of 2023 held on 22 February 2023, the Shareholders considered and approved the ordinary resolutions proposing the change of auditors of the Company and the disclosure of financial statements in accordance with International Financial Standards on the H-share market and decided to appoint HLB Hodgson Impey Cheng Limited as the Company's auditor for 2022 in accordance with International Accounting Standards for the period until the conclusion of the 2023 annual general meeting. For details, please refer to the circular dated 3 February 2023 and the announcement dated 1 February 2023 of the Company.

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

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

The consolidated financial statements have been audited by the Company's auditor, CL Partners CPA Limited, which is the Company's auditor for 2024 in accordance with International Accounting Standards.

AUDIT COMMITTEE

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

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

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

VOTING BY POLL

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

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of H shares of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both days inclusive, in order to determine the identity of the H Shareholders who are entitled to attend the forthcoming annual general meeting on Friday, 23 May 2025. All share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 19 May 2025.

The Shareholders whose names appear on the register of members of the Company on Tuesday, 20 May 2025 are entitled to attend and vote at the annual general meeting of the Company.

Report of Directors

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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

Name	Position	Details of Change	Reasons of Change
LI Jianhong	Non-executive Director	Re-designate in December 2024	Change in work

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

FUTURE DEVELOPMENT

Please refer to the section headed “Outlook and Prospects” on page 26 for future development of the Company.

SUBSEQUENT EVENTS

1. Waivers of Several Voluntary Undertakings Made by the Company

After the Company completed the change of the largest shareholder on 15 August 2023, in order to better revitalize the Company’s assets and solve the problems of suspension of projects in progress and idle assets, for the saleable portion of the relevant properties on the project land, the Company intends to make use of development pre-sale funds and project financing from the project itself (if any) to enhance the efficiency of the capital turnover of the project and gradually complete the disposal of assets and recoup funds through the completion and delivery of the project, by way of pre-sale in batches and continuing with further development under the premise of taking up as little cash flow as possible from the Company’s main business, so as to enhance the Company’s long-term and sustainable operating capability and avoid economic losses arising from the long-term idleness of the project land or long-term suspension of the projects. Therefore, the Company intends to apply for waivers of the Undertakings (as defined below).

The undertakings including:

- “1. The Company is currently not engaged in real estate development business, and the Company’s construction and holding of properties are in compliance with the requirements of the national macro-control policies on real estate; the Company’s future operating activities will comply with the requirements of the national macro-control policies on real estate; and
2. Neither the properties currently held by the Company nor the properties involved in the Company’s non-public issuance of A shares investment project 2020 are used for real estate development and sales (including subdivision sales, etc.), and the Company will not use such properties for purposes involving the business of real estate development and sales.”

(collectively, the “**Undertakings**”)

Report of Directors

The waivers of the Undertakings are only due to the fact that the Company intends to sell part of the project land and the saleable portion of the project by way of pre-sale to revitalize and dispose of the assets in order to obtain liquidity of funds, while the pre-sale requires the qualification of the development of real estate business. The Company is not involved in any change of the main business after the waivers of the Undertakings.

On 5 March 2025, the application for this waiver has been reviewed and approved at the 32nd extraordinary meeting of the fifth session of the Board and the seventh extraordinary meeting of the fifth session of the Supervisory Committee, and is subject to consideration and approval by the shareholders of the Company at the second extraordinary general meeting of the Company for 2025, which is scheduled to be held on 2 April 2025.

For details, please refer to the announcement of the Company dated 6 March 2025 which was disclosed on the designated media in China and the announcement of the Company dated 5 March 2025 which was disclosed on the website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (<http://www.hkexnews.hk>), respectively.

2. Changes of Directors and Senior Management

Mr. WANG Wenhui has submitted his resignation to the Board from his position as a non-executive Director and as a member of the strategy and investment committee (the “**Strategy and Investment Committee**”) of the Board due to work arrangements. Mr. WANG Wenhui continued to fulfill his responsibilities as a Director and as a member of the relevant special committees of the Board until a new Director was elected at the general meeting of the Company. The Company held the 30th extraordinary meeting of the fifth session of the Board on 25 January 2025, and the first extraordinary general meeting of the Company in 2025 on 19 February 2025, reviewing and approving the Proposal to Supplement Mr. LI Yupeng as Non-Executive Director of the Fifth Board of Directors of the Company, nominating Mr. LI Yupeng to serve as a non-executive Director on the fifth session of the Board of the Company and as a member of the Strategic and Investment Committee.

Mr. ZHENG Yongda submitted the resignation from the position of chairman of the fifth session of the Board of the Company due to work adjustments and will no longer serve as chairman of the Strategic and Investment Committee. After his resignation, Mr. ZHENG Yongda will still serve as a non-executive Director and as a member of the Strategic and Investment Committee, nomination committee and remuneration and assessment committee of the Board of the Company.

On 21 March 2025, the Board held the 33rd extraordinary meeting of the fifth session of the Board, reviewing and approving the Proposal for the Election of the Chairman of the Board and the Proposal for Directors' Re-designation, Mr. LI Yupeng will be transferred from non-executive Director to executive Director, and elected as chairman of the fifth session of the Board while also serving as chairman of the Strategic and Investment Committee. The term of office is from the date of approval by the current Board meeting until the end of the term of the fifth session of the Board, and upon expiration, is eligible for re-election.

Considering the above circumstances, on 25 March 2025, the Company has completed the business change registration procedures and obtained the business license reissued by the Shanghai Municipal Administration for Market Regulation.

Through consultation, the Company and former deputy general manager Mr. JIANG Xiaozhong have terminated their employment contract with effective from 1 February 2025, and after Mr. JIANG Xiaozhong's resignation, he will no longer hold the position of deputy general manager or any position in the Company.

For details, please refer to the announcements disclosed by the Company dated 27 January 2025; 20 February 2025; 22 March 2025; and 26 March 2025, in designated domestic media as well as on the Hong Kong Stock Exchange website <http://www.hkexnews.hk> dated 26 January 2025; 19 February 2025; 21 March 2025; and 25 March 2025.

3. Entering into the Loan Framework Agreement

In order to meet the Company's liquidity demand and improve the efficiency of the Company's capital use, the Company intends to apply for loans from Xiamen C&D Inc.* (廈門建發股份有限公司), and its subsidiaries, its joint ventures and its associates, and sign the Loan Framework Agreement with Xiamen C&D with a total loan amount of RMB9.5 billion, and the Company can recycle the amount during the validity period of the amount. The matter has been considered and approved at the 34th extraordinary meeting of the fifth session of the Board of Directors of the Company and is subject to the approval of the general meeting.

For details, please refer to the announcements of the Company dated 12 April 2025 and 11 April 2025 respectively disclosed in the designated media in the PRC and on the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk>.

By Order of the Board

LI Yupeng

Chairman

Shanghai, 27 March 2025

Report of Supervisors

I. MEETINGS OF THE SUPERVISORY COMMITTEE AND RELEVANT RESOLUTIONS

The Supervisory Committee of Red Star Macalline Group Corporation Ltd. (“**Company**” or the “**Company**”) convened a total of 8 meetings in 2024, and details of the relevant meetings and the resolutions are as follows:

- (1) On 4 March 2024, the third extraordinary meeting of the fifth session of the Supervisory Committee was convened, at which, the Resolution on the Use of Certain Idle Proceeds for Temporary Replenishment of Working Capital was considered and approved;
- (2) On 28 March 2024, the third meeting of the fifth session of the Supervisory Committee was convened, at which the Work Report of the Supervisory Committee of the Company for 2023, the Final Account Report of the Company for 2023, the Financial Budget Report of the Company for 2024, the Financial Statements of the Company for the Year Ended 31 December 2023, the Annual Report and Annual Results of the Company for the Year Ended 31 December 2023, the Profit Distribution Plan of the Company for 2023, the Corporate Environment and Social Responsibility Report of the Company for 2023, the Exclusive Report on the Depositary and Actual Use of Funds Raised by the Company in 2023, the Resolution on the Remuneration of Supervisors of the Company for 2023, the Resolution in respect of the Provision of Asset Impairment Allowances for 2023, the Resolution Concerning the Conclusion, Extension, Suspension and Termination of Investment Projects with Partial Proceeds of the Company's A Shares and the Resolution on Modification of Past Accounting Errors and Retrospective Adjustments were considered and approved;
- (3) On 15 April 2024, the fourth extraordinary meeting of the fifth session of the Supervisory Committee was convened, at which the Resolution on the Review of the Restated Financial Statements for the Year 2022 and for the Third Quarter of 2023 was considered and approved;
- (4) On 29 April 2024, the fourth meeting of the fifth session of the Supervisory Committee was convened, at which the First Quarterly Report of the Company for 2024 was considered and approved;
- (5) On 12 July 2024, the fifth extraordinary meeting of the fifth session of the Supervisory Committee was convened, at which the Resolution on Waivers of Several Voluntary Undertakings Made by the Company, the Second Largest Shareholder and the Former De Facto Controller was considered and approved;
- (6) On 30 August 2024, the fifth meeting of the fifth session of the Supervisory Committee was convened, at which the Interim Financial Statements of the Company as of 30 June 2024, the Interim Report and Interim Results as of 30 June 2024, the Exclusive Report on the Depositary and Actual Use of Funds Raised by the Company in the First Half of 2024 and the Resolution in respect of the Provision of Asset Impairment Allowances in the First Half of 2024 were considered and approved;
- (7) On 24 October 2024, the sixth extraordinary meeting of the fifth session of the Supervisory Committee was convened, at which the Resolution on the Use of Certain Idle Proceeds for Temporary Replenishment of Working Capital were considered and approved;
- (8) On 30 October 2024, the sixth meeting of the fifth session of the Supervisory Committee was convened, at which the Third Quarterly Report of the Company for 2024 and the Resolution in respect of the Provision of Asset Impairment Allowances in the First Three Quarters of 2024 were considered and approved.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE REGARDING CERTAIN MATTER

- (1) Legal operations: During the year of 2024, members of the Supervisory Committee continued to supervise the Company's operations through attending Board meetings, reviewing exclusive reports, conducting onsite inspections and meetings with staff, conducting audit and specific survey. With reference to various regulations, the Supervisory Committee was of the opinion that the decision-making process of the Company was lawful, the internal control was effective, and the Directors and the senior management of the Company had diligently carried out their duties, and there was no behavior of violation of the laws, regulations, the Articles of Association, nor had they prejudiced the Company's and Shareholders' interests. The Supervisory Committee had reviewed the Company's internal control audit report from RSM China for the year 2024, and was of the view that the report reflected the actual situation of the Company's corporate governance and internal control, that the audit opinions were objective, and agreed to publish the relevant report.
- (2) Monitoring the Company's financial situation: During the reporting period, the Supervisory Committee diligently performed its duty of monitoring the Company's financial conditions, including monitoring the Company's operations and its risks and providing review opinions to each periodic report. The Supervisory Committee was of the opinion that the Company's financial report reflected a true and fair view on the Company's financial conditions and operating results.
- (3) Use of Proceeds

Use of proceeds from 2018 initial public offering

The A Shares of the Company (stock code: 601828) were listed and commenced trading on the Shanghai Stock Exchange on 17 January 2018. The Company issued 315,000,000 A Shares at the issue price of RMB10.23 per share. The total proceeds raised from this issuance amounted to RMB3,222.45 million, and the net proceeds raised, after deducting the cost of the A Share offering of RMB172.4422 million, amounted to RMB3,050.0078 million. On 7 September 2018, the Company convened the 35th extraordinary meeting of the third session of the Board and the fourth extraordinary meeting of the third session of the Supervisory Committee, which considered and approved the Resolution on the Change in Part of the Fund-raising Investment Projects. The resolution was considered and approved at the second extraordinary general meeting of the Company held on 28 November 2018.

On 28 March 2024, the Company convened the third meeting of the fifth session of the Board and the third meeting of the fifth session of the Supervisory Committee, at which the Resolution Concerning the Conclusion, Extension, Suspension and Termination of Investment Projects with Partial Proceeds of the Company's A Shares was considered and approved. Specifically, the "Changsha Jinxia Shopping Mall Project", which was part of the initial public offering, was concluded, and the "New Intelligent Home Furnishing Shopping Mall Project" was terminated. Additionally, the Company decided to allocate the surplus/remaining funds from all fund-raising projects of the initial public offering, amounting to RMB306.7927 million (after deducting the estimated pending payments, and temporarily excluding the interest received and yet to be received from the fund-raising account; the final amount will be determined based on the actual final payments of the projects). These related matters were considered and approved at the shareholders' meeting of 2023 held on 23 May 2024.

For details, please refer to the announcements or circulars disclosed by the Company dated 29 March 2024 and 29 April 2024, in designated domestic media as well as on the Hong Kong Stock Exchange website <http://www.hkexnews.hk> dated 28 March 2024 and 28 April 2024.

As of the end of the reporting period, the Company cumulatively used 90.53% of proceeds from 2018 initial public offering of the A Share in the abovementioned fund-raising investment projects.

Report of Supervisors

Use of actual proceeds from 2021 non-public issuance

In September 2021, the Company issued 449,732,673 shares to specific investors in a non-public manner at an issue price of RMB8.23 per share, raising the total proceeds of RMB3,701,299,898.79. After deducting various tax-exclusive issue expenses of RMB22,936,099.50, the actual net proceeds as raised amounted to RMB3,678,363,799.29.

On 28 March 2024, the Company convened the third meeting of the fifth session of the Board and the third meeting of the fifth session of the Supervisory Committee, at which the Resolution Concerning the Conclusion, Extension, Suspension and Termination of Investment Projects with Partial Proceeds of the Company's A Shares was considered and approved. Specifically, the "Tmall 'Home Decoration Tongcheng Station' Project", "3D Shejiyun Platform Construction Project" and "Construction Project for New Generation Home Improvement Platform System" were terminated. Additionally, the Company decided to use the remaining funds, amounting to approximately RMB845.367 million (after deducting the estimated pending payments, and temporarily excluding the interest received and yet to be received from the fund-raising account; the final amount will be determined based on the actual final payments of the projects) permanently replenish working capital. These related matters were considered and approved at the shareholders' meeting of 2023 held on 23 May 2024.

For details, please refer to the announcements or circulars disclosed by the Company dated 29 March 2024 and 29 April 2024, in designated domestic media as well as on the Hong Kong Stock Exchange website <http://www.hkexnews.hk> dated 28 March 2024 and 28 April 2024.

As of the end of the reporting period, the Company cumulatively used 72.82% of the proceeds raised from the non-public issuance of shares in 2021 to invest in the abovementioned fund-raising investment projects.

- (4) Stock incentive: During the reporting period, the Company did not carry out any stock incentive.
- (5) Major asset acquisitions and disposals:

During the reporting period, the Company has not acquired or sold any significant assets.

- (6) Provision of Asset Impairment of the Company:

During the reporting period, the Supervisory Committee conducts audits on provision of asset impairment of the Company, and believes that our provision of asset impairment allowances is in line with the Company's actual situation and relevant policy requirements. And the resolution process adopted by the Board of Director of the Company in terms of such matter meets relevant laws and regulations and the Articles of Association. Provision of asset impairment allowances would make the Company have more reliable and reasonable auditing information of assets value.

In the future, with the further development of the Company's businesses, the Supervisory Committee will, based on its existing work nature, firmly implement the Company's established strategies and policies, fulfill its duties strictly as prescribed by national laws and regulations as well as the Articles of Association, and supervise the Company to operate in such a way as to promote compliance in the Company's operation, and practically guarantee and safeguard the legitimate interests of the Company and Shareholders.

The Supervisory Committee of Red Star Macalline Group Corporation Ltd.

27 March 2025

Corporate Governance Report

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code. The Company has made specific queries to the Directors and Supervisors, and all Directors and Supervisors have confirmed their compliance with the provisions set out in the Model Code during the Reporting Period.

Corporate Governance Report

CORPORATE CULTURE

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

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

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

Vision: Building world-top brand of Chinese nation!

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

BOARD OF DIRECTORS

Board Composition

As at the end of the Reporting Period, the Board of the Company comprises 14 Directors, including 4 executive Directors, 5 non-executive Directors and 5 independent non-executive Directors. During the Reporting Period, the following list sets forth the information in respect of the members of the fifth session of the Board.

Name	Positions	Date of Re-appointment or Appointment
Mr. ZHENG Yongda	Non-executive Director and Chairman	15 August 2023
Mr. CHE Jianxing	Executive Director and General Manager	15 August 2023
Mr. WANG Wenhui ⁽²⁾	Non-executive Director	15 August 2023
Mr. ZOU Shaorong	Non-executive Director	15 August 2023
Mr. SHI Yaofeng	Executive Director and Deputy General Manager	15 August 2023
Mr. YANG Yingwu	Executive Director and Deputy General Manager	15 August 2023
Mr. LI Jianhong ⁽¹⁾	Non-executive Director	15 August 2023
Mr. SONG Guangbin	Non-executive Director	15 August 2023
Ms. XU Di	Non-executive Director	15 August 2023
Mr. XUE Wei	Independent Non-executive Director	15 August 2023
Mr. CHEN Shanang	Independent Non-executive Director	15 August 2023
Mr. HUANG Jianzhong	Independent Non-executive Director	15 August 2023
Mr. WONG Chi Wai	Independent Non-executive Director	15 August 2023
Mr. CAI Qinghui	Independent Non-executive Director	15 August 2023

Corporate Governance Report

As at the date of this report, the Board of the Company comprises 14 Directors, including 4 executive Directors, 5 non-executive Directors and 5 independent non-executive Directors. The following list sets forth the information in respect of the current members of the fifth session of the Board.

Name	Positions	Date of Re-appointment or Appointment
Mr. LI Yupeng ⁽³⁾⁽⁴⁾	Executive Director and Chairman	21 March 2025
Mr. CHE Jianxing	Executive Director and General Manager	15 August 2023
Mr. ZHENG Yongda	Non-executive Director	15 August 2023
Mr. ZOU Shaorong	Non-executive Director	15 August 2023
Mr. SHI Yaofeng	Executive Director and Deputy General Manager	15 August 2023
Mr. YANG Yingwu	Executive Director and Deputy General Manager	15 August 2023
Mr. LI Jianhong	Non-executive Director	15 August 2023
Mr. SONG Guangbin	Non-executive Director	15 August 2023
Ms. XU Di	Non-executive Director	15 August 2023
Mr. XUE Wei	Independent Non-executive Director	15 August 2023
Mr. CHEN Shanang	Independent Non-executive Director	15 August 2023
Mr. HUANG Jianzhong	Independent Non-executive Director	15 August 2023
Mr. WONG Chi Wai	Independent Non-executive Director	15 August 2023
Mr. CAI Qinghui	Independent Non-executive Director	15 August 2023

Notes:

1. Mr. LI Jianhong was re-designated from executive Director to non-executive Director on 27 December 2024.
2. Mr. WANG Wenhui resigned as a non-executive Director on 19 February 2025, due to work-related arrangements, concurrently stepping down from his role as a member the Strategic and Investment Committee of the Board.
3. Mr. LI Yupeng was appointed as a non-executive Director and a member the Strategic and Investment Committee of the Board at the extraordinary general meeting held on 19 February 2025.
4. Mr. ZHENG Yongda resigned as chairman of the fifth session of the Board of the Company and chairman of the Strategic and Investment Committee on 31 March 2025. Mr. LI Yupeng was redesignated from non-executive Director to executive Director on 21 March 2025, and was subsequently elected as chairman of the fifth session of the Board of the Company and chairman of the Strategic and Investment Committee.

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

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

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

Corporate Governance Report

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

Board Diversity

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

Employee Diversity

The Company focuses on the growth and competitiveness of the Company as a result of employee diversity. As of 31 December 2024, the percentage of female employees (including senior management) of the Company and its principal subsidiaries was 43.54%, while the percentage of male employees (including senior management) was 56.46%, and the Company considers that gender diversity of employees has been achieved. The Company is not identified any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Board Meeting

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

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

Other than the connected transactions to be reviewed by the Board set out in the Articles of Association, Board meetings shall be attended by more than half of the Directors.

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

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

Appointment, Re-election and Re-appointment of Directors

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

Nomination Policy

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

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

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

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

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

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

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

Corporate Governance Report

Directors' Training

Introductory and Continuous Professional Development

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

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

Name of Directors	Training Description
ZHENG Yongda	A, B
CHE Jianxing	A, B
WANG Wenhui	A, B
ZOU Shaorong	A, B
SHI Yaofeng	A, B
YANG Yingwu	A, B
LI Jianhong	A, B
SONG Guangbin	A, B
XU Di	A, B
XUE Wei	A, B
CHEN Shanang	A, B
HUANG Jianzhong	A, B
WONG Chi Wai	A, B
CAI Qinghui	A, B

Notes:

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

Duties Performed by the Board and Management

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

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

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

CHAIRMAN AND GENERAL MANAGER

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

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

CORPORATE GOVERNANCE FUNCTION

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

- (1) To develop and review the corporate governance policy and routines of the Company;
- (2) To review and monitor training and continuous professional development of the Directors and senior management;
- (3) To review and monitor compliance of policies and routines of the Company with the requirements of all applicable laws and regulations;

Corporate Governance Report

- (4) To establish, review and monitor code of conduct and compliance guidelines applicable to the employees and Directors (if available); and
- (5) To review the Company's compliance with the disclosure requirements as set out in the Corporate Governance Code and Corporate Governance Report.

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

DIRECTORS' LIABILITY INSURANCE

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

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

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

- proposing the appointment or change of external auditors;
- overseeing the internal audit system of the Company and its implementation;
- maintaining close communication between the internal auditors and external auditors;
- examining the financial information of the Company and its disclosure, and auditing significant connected transactions as authorized by the Board;
- monitoring integrity of the Company's financial statements, annual reports and accounts, interim reports, other periodic reports, agreed proceedings, audit reports (hereinafter referred to as the **"Materials"**), reviewing significant judgments on financial reporting set out in the Materials and making judgments on the completeness, accuracy and truthfulness of the preparation and disclosure of the Company's financial reports;
- examining the Company's financial reporting system, and the rationality, efficiency and implementation of the risk management and internal control systems of the Company and its subsidiaries and branch offices, and making recommendations to the Board;
- providing comments regarding the performance of internal auditors;
- overseeing the corporate governance of the Company, making recommendations to the Board, and reviewing the corporate governance report disclosed in our annual report;
- overseeing the Company's compliance with the Corporate Governance Code, the Listing Rules and related laws; and
- dealing with other matters that are authorized by the Board.

Corporate Governance Report

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

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Audit Committee	28 March 2024	<ol style="list-style-type: none"> (1) The internal control auditor's reports to the Audit Committee in respect of the audit matters for the internal control report of the Company for the year 2023; (2) The internal control evaluation report of the Company for the year 2023; (3) The auditor's reports to the Audit Committee in respect of the audit matters for the annual financial report of the Company for the year 2023; (4) The financial statements of the Company for the year ended 31 December 2023; (5) The annual report and annual results of the Company for the year ended 31 December 2023; (6) The report on the performance of duties of the Audit Committee of the Board of the Company for the year 2023; (7) The report on the Audit Committee of the Board of the Company on the performance of supervisory duties over the Accounting Firm for the year 2023; (8) The evaluation report on the performance of duties of the Accounting Firm for the year 2023; (9) The summary of internal audit works for the year 2023 and working plan for the year 2024 of the Company; (10) The Corporate Governance Report as of 31 December 2023 of the Company; (11) The Resolution on Modification of Past Accounting Errors and Retrospective Adjustments. 	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting

Corporate Governance Report

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
	15 April 2024	(1) The Resolution on the Review of the Restated Financial Statements for the Year 2022 and for the Third Quarter of 2023.	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting
	29 April 2024	(1) The First Quarterly Report of the Company for 2024; (2) The resolution in respect of re-appointment of auditor and the internal control auditor for the financial report of the Company for 2024.	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting
	30 August 2024	(1) The interim financial statements of the Company as of 30 June 2024; (2) The interim report and interim results of the Company as of 30 June 2024; (3) The internal audit work report of the Company in the first half of 2024.	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting
	30 October 2024	(1) The third quarterly report of the Company for 2024;	XUE Wei, HUANG Jianzhong and ZOU Shaorong attended the meeting

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

Corporate Governance Report

REMUNERATION AND EVALUATION COMMITTEE

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

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

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

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

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

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Remuneration and Evaluation Committee	28 March 2024	(1) The resolution on the remuneration of Directors and senior management of the Company in 2023.	HUANG Jianzhong, WONG Chi Wai and ZHENG Yongda attended the meeting

NOMINATION COMMITTEE

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

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

- conducting an annual review of size and composition of the Board in accordance with our Company's operating activities, asset size and shareholding structure, and making recommendations to the Board;
- researching and developing criteria and procedures for the election of the Board members, general managers and other members of the senior management, and making recommendations to the Board;
- conducting thorough investigation on suitable candidates for Directors, general managers and other members of the senior management, and making recommendations to the Board;
- assessing the independence of the independent non-executive Directors;
- reviewing and examining candidates for Directors, general managers and other members of the senior management, and making recommendations to the Board; and
- dealing with other matters that are authorized by the Board.

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

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Nomination Committee	28 March 2024	(1) Regarding the structure, number, composition and diversity of the Board of the Company for 2023.	CHEN Shanang, CAI Qinghui, HUANG Jianzhong, ZHENG Yongda and CHE Jianxing attended the meeting

STRATEGY AND INVESTMENT COMMITTEE

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

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

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

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

Name of Meeting	Date of Meeting	Contents of Meeting	Attendance at the Meeting
Strategy and Investment Committee	28 March 2024	(1) The resolution on the development strategy and business plan of the Company for 2024.	ZHENG Yongda, ZOU Shaorong, WANG Wenhui, CHE Jianxing, SHI Yaofeng, LI Jianhong and HUANG Jianzhong attended the meeting

ATTENDANCE RECORD OF BOARD MEETINGS

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

Director's Name	Number of attending/ convening meetings of Board meetings	Number of attending/ convening meetings of Audit Committee	Number of attending/ convening meetings of Remuneration and Evaluation Committee	Number of attending/ convening meetings of Nomination Committee	Number of attending/ convening meetings of Strategy and Investment Committee	Number of attending/ convening general meetings
ZHENG Yongda	23/23	–	1/1	1/1	1/1	4/4
WANG Wenhui	23/23	–	–	–	1/1	4/4
ZOU Shaorong	23/23	5/5	–	–	1/1	4/4
SHI Yaofeng	23/23	–	–	–	1/1	4/4
YANG Yingwu	23/23	–	–	–	–	4/4
CHE Jianxing	23/23	–	–	1/1	1/1	4/4
LI Jianhong	23/23	–	–	–	1/1	4/4
XU Di	23/23	–	–	–	–	4/4
SONG Guangbin	23/23	–	–	–	–	4/4
XUE Wei	23/23	5/5	–	–	–	4/4
CHEN Shanang	23/23	–	–	1/1	–	4/4
HUANG Jianzhong	23/23	5/5	1/1	1/1	1/1	4/4
WONG Chi Wai	23/23	–	1/1	–	–	4/4
CAI Qinghui	23/23	–	–	1/1	–	4/4

DIRECTORS' FINANCIAL STATEMENTS REPORTING RESPONSIBILITY

The Directors are fully aware of their responsibility of preparing the Consolidated Financial Statements of the Company for the year ended 31 December 2024 so as to provide a true and fair view of the situation of the Company and the Group as well as the results and cash flows of the Group.

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

Corporate Governance Report

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

Statement of the Directors' reporting responsibilities of Consolidated Financial Statements of the Company made by auditors of the Company is recorded in Independent Auditors' Report on page 100 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

RISK MANAGEMENT AND INTERNAL CONTROL ORGANISATIONAL SYSTEM

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

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

CARRYING OUT RISK MANAGEMENT WORK

In order to better cope with the changing market environment and ensure the realization of the Company's business objectives, in 2024, the Company implemented a comprehensive risk management system at the company-wide level. The system is designed to manage various potential risks to which the Company is exposed in the course of operation through procedures and measures of risk identification, risk assessment, risk response, risk reporting and monitoring. The Company has systematically established a database for risks based on the status quo of our current business and management, with a view to achieving comprehensive identification of and response to risks.

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

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

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

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

OPERATION OF INTERNAL CONTROL MECHANISM

The management of the Company has set up the Internal Control Compliance Department responsible for the overall planning, design and guidance in relation to the building of the risk management and internal control management system of the Company. In 2024, the Internal Control Compliance Department led the Internal Control Evaluation Working Group to conduct an internal control self-evaluation, which assessed the effectiveness of the design and implementation of internal control for the Company's main business and matters. For all deficiencies in internal control as identified in the assessment, the management of the Company has developed feasible rectification plans and promoted the implementation of such rectification. The Internal Control Compliance Department has followed up on such areas subject to rectification, and continued to monitor the progress and the overall effectiveness of the rectification of deficiencies, thus achieving the organized operation of overall internal control.

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

The Board has reviewed risk management and internal control work carried out in 2024. There has been no significant risk control failure, and no significant risk control weakness has been identified within the Company. The management processes including financial report, inside information handling and disclosure of the Company are in strict compliance with the Listing Rules. The Board has reviewed the risk management and internal control work conducted by the Company during the Reporting Period and considers the risk management and internal control system effective and adequate within the Group.

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

The Whistle-blowing System not only can further strengthen the internal control environment of the Group, it also acts as a channel for the staff of the Group to report any illegal behaviours, and is dedicated to external stakeholders to report any suspected misconduct, malpractice or illegal acts. For details of the Group's Anti-Corruption and Whistle-blowing Policy, please refer to the 2024 Environmental, Social, and Governance Report published on the same date as this annual report.

AUDITOR'S REMUNERATION

Statement of the Company's external auditor related to the reporting responsibilities of consolidated financial statements is recorded in the Independent Auditors' Report on page 100 of this annual report. During the year ended 31 December 2024, no fees were paid/payable by the Company to the external auditor, RSM China ("RSM China") and CL Partners CPA Limited, except for the remuneration for audit services amounted to RMB5 million and RMB1.5 million, respectively. Remuneration of the Company's external internal control consultant, RSM China, paid/payable for the year ended 31 December 2024 was RMB1.3 million.

COMPANY SECRETARY

Ms. QIU Zhe is the Secretary to the Board and Joint Company Secretary responsible for raising corporate governance-related suggestions to the Board, and ensuring compliance with policies and procedures of the Board, applicable laws, rules and regulations.

The Company has engaged Ms. NG Sau Mei of TMF Hong Kong Limited (a corporate secretarial service provider) as another joint company secretary of the Company to provide assistance to Ms. QIU Zhe in the discharge of her duties as the company secretary. Ms. NG Sau Mei's main contact person in the Company is Ms. QIU Zhe.

For the year ended 31 December 2024, Ms. QIU Zhe and Ms. NG Sau Mei have completed professional training of no less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, the Company did not make any amendments to the Articles of Association.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The annual general meeting and extraordinary general meeting of the Company provide an opportunity for shareholders to communicate directly with the Directors. All shareholders are encouraged to attend the annual general meeting and extraordinary general meeting by receiving notices of the meetings at least 20 business days before the annual general meeting and at least 10 business days and not less than 15 days before the extraordinary general meeting. The chairman of the Board and directors of the Committees will attend the annual general meeting and extraordinary general meeting if possible, to answer questions raised by the shareholders. The external auditor of the Company will attend the annual general meeting and answer the questions regarding auditing items, preparation and contents of the auditor's report, accounting policy and independence of the auditor.

Corporate Governance Report

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

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

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

SHAREHOLDERS' RIGHTS

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

Extraordinary Shareholders' Meeting Convening and Proposal

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

- (1) Shareholders who separately or jointly hold more than 10% of the Company's total voting Shares may request the Board to convene an extraordinary Shareholders' meeting or Shareholders' class meeting by signing a written requirement or several copies with the same format and to illustrate the subject of the meetings. The Board shall provide a written feedback on whether to agree to convene an extraordinary meeting within ten days upon receipt of the aforesaid written request. If the Board agrees to convene an extraordinary meeting, it will issue a notice about convening the meeting within five days after passing the resolution. If the notice modifies the original request, consent shall be obtained from the relevant shareholder. The aforesaid amount of shareholding is calculated as of the day when the relevant shareholder makes the written request.
- (2) If the Board fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the requesting shareholder may itself convene a meeting within four months after the Board receives the said request, and the meeting convening procedure shall to the extent possible be the same as the procedure by which the Board convenes a general meeting.
- (3) If the Board does not agree to convening an extraordinary general meeting or provides no feedback within 10 days after receiving the request, the shareholder who individually or collectively holds more than 10% of the Company's shares has the right to propose convening an extraordinary general meeting and shall make a written request to the Supervisory Committee.

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

If the Supervisory Committee fails to issue a notice of the general meeting, it will be deemed that the Supervisory Committee will not convene or preside over the meeting. Therefore, the shareholders who individually or collectively hold more than 10% of the total shares of the Company for over 90 consecutive days can convene and preside over the meeting by themselves.

If any general meeting is called by the shareholders themselves, the shares held by those shareholders shall not be less than 10% of the total shares of the Company, before announcing the resolutions of the meeting.

Shareholder(s) individually or jointly holding 3% or more of the Company's shares may submit a written motion to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days after receipt of the said provisional motion, to notify other shareholders and to submit the said provisional proposal to the general meeting for consideration.

Queries Made to Board of Directors

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

Independent Auditors' Report



TO THE SHAREHOLDERS OF RED STAR MACALLINE GROUP CORPORATION LTD.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Red Star Macalline Group Corporation Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 106 to 325, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties</p> <p>Refer to Notes 4, 5 and 17 to the consolidated financial statements</p> <p>As of 31 December 2024, the Group's investment properties at fair value were RMB95,104,200,000, accounting for about 80.17% of the Group's total assets. The fair value was determined by management with reference to the valuations performed by an independent professional valuer engaged by the Group.</p> <p>Due to the facts that the amount of investment properties is significant, and the assessment of the fair value of investment properties involves significant estimates, assumptions and judgments of the management, including estimated rental income, discount rate, vacancy rate, the economic environment in the region where the investment properties were located and the analysis of future trend etc., the uncertainty was relatively high. Therefore, we considered the measurement of investment properties at fair value as a key audit matter.</p>	<p>Our procedures in relation to management's valuation of investment properties included, but were not limited to:</p> <ul style="list-style-type: none"> evaluating the independent external valuers' competence, capabilities and objectivity; assessing the valuation methodologies used and the reasonableness of the key assumptions and parameters based on our knowledge of the property industry and using our auditors' valuation experts; checking on sample basis, the accuracy and relevance of the input data used; and reviewing the adequacy of disclosure related to the investment property at fair value in the financial statement.

Independent Auditors' Report

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for expected credit losses on financial assets and contract assets</p> <p>Refer to Notes 4, 5, 27, 28, 29, 30 and 48 to the consolidated financial statements</p> <p>As at 31 December 2024, the Group had account receivables, deposits and other receivables, loan receivables and contract assets of approximately RMB2,150,467,000, RMB1,750,938,000, RMB2,884,555,000 and RMB1,929,921,000 respectively before the loss allowance amounting to approximately RMB1,565,263,000, RMB545,883,000, RMB822,360,000 and RMB921,287,000 has been made on account receivables, deposits and other receivables, loan receivables and contract assets respectively.</p> <p>Loss allowances for expected credit losses from financial assets and contract assets are based on management's estimate of the lifetime or 12-month expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue account receivables, repayment history, collaterals and financial position and the assessment of both the current and forecast general economic conditions, all of which involve significant degree of management judgement and estimation.</p> <p>We focused on this area due to the impairment assessment on the financial assets and contract assets under the expected credit losses model involved the use of significant management judgements and estimates.</p>	<p>Our procedures in relation to management's allowance for expected credit losses on the financial assets and contract assets included, but were not limited to:</p> <ul style="list-style-type: none">• understanding the policies of the Group's allowance for expected credit losses on financial assets and contract assets and the method adopted by the management for assessing the amount of expected credit losses;• assessing the reasonableness of management's loss allowance estimate on financial assets and contract assets by examining the information used by management to form such judgements, including on a sample basis, testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information;• assessing the reasonableness of recoverability of financial assets and contract assets with reference to historical utilisation pattern and credit history of counterparties including default or delay in payments, settlement records, subsequent settlements and repayment ability; and• reviewing the adequacy of disclosure of expected credit losses on financial assets and contract assets.

OTHER INFORMATION

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

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

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

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

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

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

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

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

CL Partners CPA Limited

Certified Public Accountants

Ruan Qianting

Practising Certificate Number: P08288

Hong Kong, 27 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	7,821,266	11,514,983
Cost of sales and services		(2,834,265)	(4,481,730)
Gross profit		4,987,001	7,033,253
Other income	7	220,064	319,480
Other gains or losses, net	8	(526,280)	(1,200,524)
Selling and distribution expenses		(1,028,348)	(1,483,138)
Administrative expenses		(1,451,715)	(1,762,508)
Research and development expenses	9	(13,366)	(19,631)
Change in fair value of investment properties, net	17	(2,879,022)	(1,546,044)
Impairment losses under expected credit loss model, net of reversal	48	(1,104,858)	(1,303,571)
Share of results of associates, net		36,839	65,295
Share of results of joint ventures, net		(28,711)	12,409
Finance cost	10	(2,531,193)	(2,654,625)
Loss before tax		(4,319,589)	(2,539,604)
Income tax credit/(expenses)	11	591,746	(30,814)
Loss for the year	12	(3,727,843)	(2,570,418)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Other comprehensive (loss)/income			
<i>Item that will not be reclassified to profit or loss:</i>			
Changes in fair value of other equity instrument investments		(128,670)	(225,987)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income of associates		4,407	–
Exchange differences from translation of financial statements		671	750
Other comprehensive loss		(123,592)	(225,237)
Total comprehensive loss for the year		(3,851,435)	(2,795,655)
Loss for the year attributable to:			
Owners of the Company		(3,492,042)	(2,412,713)
Non-controlling interests		(235,801)	(157,705)
		(3,727,843)	(2,570,418)
Total comprehensive loss attributable to:			
Owners of the Company		(3,614,409)	(2,639,982)
Non-controlling interests		(237,026)	(155,673)
		(3,851,435)	(2,795,655)
Loss per share			
Basic and diluted loss (RMB per share)	16	(0.80)	(0.55)

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Investment properties	17	95,104,200	98,480,200
Property, plant and equipment	18	2,673,532	2,978,655
Right-of-use assets	19	4,792	10,787
Intangible assets	20	64,171	97,830
Goodwill	21	97,597	97,597
Interests in associates	22	2,334,650	2,415,082
Interests in joint ventures	23	994,557	1,027,419
Financial instruments at fair value through profit or loss ("FVTPL")	24	160,879	260,025
Financial instruments at fair value through other comprehensive income ("FVTOCI")	25	1,230,892	1,757,631
Deferred tax assets	39	3,909,149	3,145,906
Loan receivables	27	243,921	324,064
Restricted bank deposits	31	640,670	444,253
Deposits, prepayment and other receivables	30	2,841,274	3,163,522
Total non-current assets		110,300,284	114,202,971
Current assets			
Inventories	26	53,065	159,514
Loan receivables	27	1,818,274	2,255,791
Financial instruments at fair value through profit or loss	24	144,634	570,321
Account receivables	28	585,204	1,203,320
Note receivables	28	14,126	6,176
Contract assets	29	1,008,634	1,386,743
Deposits, prepayment and other receivables	30	1,557,162	1,871,973
Bank balances and cash	32	3,153,986	2,529,800
Total current assets		8,335,085	9,983,638
Total assets		118,635,369	124,186,609

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Current liabilities			
Trade and other payables	33	18,791,802	12,194,197
Rental and service fee received in advance		730,600	876,845
Contract liabilities	29	749,289	1,137,850
Tax payables		178,161	378,302
Lease liabilities	36	601,377	954,445
Bank and other borrowings	34	6,016,153	12,976,625
Other current liabilities	38	72,908	73,277
Bonds	35	1,790,841	–
Total current liabilities		28,931,131	28,591,541
Net current liabilities		(20,596,046)	(18,607,903)
Total assets less current liabilities		89,704,238	95,595,068
Non-current liabilities			
Deferred tax liabilities	39	13,774,518	14,037,866
Bank and other borrowings	34	21,247,400	19,713,654
Bonds	35	–	1,758,512
Lease liabilities	36	1,624,283	2,822,379
Other payables	33	472,937	510,349
Deferred income	37	160,612	210,046
Contract liabilities	29	414,245	455,413
Other non-current liabilities	38	705,692	943,714
Total non-current liabilities		38,399,687	40,451,933
Net assets		51,304,551	55,143,135

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Equity			
Share capital	40	4,354,733	4,354,733
Reserves		43,843,517	47,477,661
Equity attributable to owners of the Company		48,198,250	51,832,394
Non-controlling interests	41	3,106,301	3,310,741
Total equity		51,304,551	55,143,135

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2024 and are signed on its behalf by:

Li Yupeng
Director

Yang Yingwu
Director

Consolidated Statement of Changes in Equity

As at 31 December 2024

	Share capital	Capital reserve	Fair value through other comprehensive income reserve (note a)	Investment properties reserves (note b)	Exchange difference (note c)	Surplus reserve (note d)	Retained earnings	Sub-total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	4,354,733	7,250,298	542,728	81,398	149	2,293,731	37,309,357	51,832,394	3,310,741	55,143,135
Loss for the year	-	-	-	-	-	-	(3,492,042)	(3,492,042)	(235,801)	(3,727,843)
Fair value change	-	-	(127,445)	-	-	-	-	(127,445)	(1,225)	(128,670)
Share of other comprehensive income of associates	-	-	4,407	-	-	-	-	4,407	-	4,407
Exchange differences from translation of financial statements	-	-	-	-	671	-	-	671	-	671
Total comprehensive (loss)/income for the year	-	-	(123,038)	-	671	-	(3,492,042)	(3,614,409)	(237,026)	(3,851,435)
Acquisition of non-controlling interests (note 43)	-	1,600	-	-	-	-	-	1,600	(4,852)	(3,252)
Contributions from shareholders of subsidiaries	-	-	-	-	-	-	-	-	10,588	10,588
Distributions to shareholders	-	-	-	-	-	-	-	-	(31,363)	(31,363)
Disposal of financial instruments at fair value through other comprehensive income	-	-	(140,478)	-	-	-	140,478	-	-	-
Others	-	(21,335)	-	-	-	-	-	(21,335)	58,213	36,878
As at 31 December 2024	4,354,733	7,230,563	279,212	81,398	820	2,293,731	33,957,793	48,198,250	3,106,301	51,304,551

Consolidated Statement of Changes in Equity

As at 31 December 2024

	Share capital	Capital reserve	Fair value through other comprehensive income reserve (note a)	Investment properties reserves (note b)	Exchange difference (note c)	Surplus reserve (note d)	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
1 January 2023	4,354,733	6,876,592	931,929	81,398	(601)	2,293,731	39,909,183	54,446,965	3,555,751	58,002,716
Loss for the year	-	-	-	-	-	-	(2,412,713)	(2,412,713)	(157,705)	(2,570,418)
Fair value change	-	-	(228,019)	-	-	-	-	(228,019)	2,032	(225,987)
Exchange differences from translation of financial statements	-	-	-	-	750	-	-	750	-	750
Total comprehensive (loss)/income for the year	-	-	(228,019)	-	750	-	(2,412,713)	(2,639,982)	(155,673)	(2,795,655)
Acquisition of non-controlling interests	-	58,715	-	-	-	-	-	58,715	(71,737)	(13,022)
Contribution from a shareholder (note e)	-	300,000	-	-	-	-	-	300,000	-	300,000
Contributions from shareholders of subsidiaries	-	-	-	-	-	-	-	-	5,455	5,455
Dividend paid	-	-	-	-	-	-	(348,295)	(348,295)	-	(348,295)
Distributions to shareholders	-	-	-	-	-	-	-	-	(43,267)	(43,267)
Change in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	18,693	18,693
Disposal of subsidiaries	-	-	-	-	-	-	-	-	1,519	1,519
Disposal of financial instruments at fair value through other comprehensive income	-	-	(161,182)	-	-	-	161,182	-	-	-
Others	-	14,991	-	-	-	-	-	14,991	-	14,991
As at 31 December 2023	4,354,733	7,250,298	542,728	81,398	149	2,293,731	37,309,357	51,832,394	3,310,741	55,143,135

notes:

- Fair value through other comprehensive income reserve comprises the cumulative net change in the fair value of equity investments designated at FVTOCI under IFRS 9 that are held at the end of the reporting period.
- Investment properties reserves represents difference arising between the carrying amount under IAS 16 at that date and the fair value is dealt with as a revaluation under IAS 16 from a transfer owner-occupied property to investment property carried at fair value.
- Exchange difference comprises all foreign exchange differences arising from the translation of the financial statements of operations.
- According to the relevant rules and regulations in the People's Republic of China ("PRC"), subsidiaries of the Company established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the reserve fund until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Reserve fund can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.
- Pursuant to the supplementary agreement of the share transfer agreement jointly signed by Red Star Macalline Holding Group Limited ("RSM Holding"), Mr. Che Jianxing (the former ultimate controlling shareholder of the Company), Xiamen C&D Inc. (廈門建發股份有限公司), and Lianfa Group Company Limited (a subsidiary of Xiamen C&D Inc.), the Company received RMB300,000 thousand compensation borne by RSM Holding. The compensation of RMB300,000 thousand was credited to capital reserve. Please refer to the announcement of the Company dated 8 February 2024 for details.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Loss before tax		(4,319,589)	(2,539,604)
Adjustments for:			
Amortisation of intangible assets	12&20	37,621	40,855
Changes in fair value of investment properties	17	2,879,022	1,546,044
Changes in fair value of financial instruments at FVTPL	8	96,496	44,744
Depreciation of property, plant and equipment	12&18	199,585	270,504
Depreciation of right-of-use assets	19	3,542	6,780
Dividend income	7	(16,283)	(53,682)
Exchange loss		25,816	29,489
Finance costs	10	2,531,193	2,654,625
(Gain)/loss on disposal of associates and joint ventures	8	(13,964)	94,350
Gain on disposal of financial instruments at FVTPL	8	(2,215)	(183)
Loss on lease modification	8	36,379	44,608
Loss on disposal of property, plant and equipment	8	7,043	11,064
Loss on disposal of intangible assets		974	19
Impairment loss on interests in associates	8	–	131,053
Impairment loss on interests in joint ventures	8	–	34,829
Impairment losses under expected credit losses model, net of reversal	48	1,104,858	1,303,571
Impairment loss on earning right related to land consolidation	8&30	–	315,070
Interest income	7	(110,682)	(167,317)
Gain on disposal of subsidiaries, net	8	–	(16,600)
Share of results of associates, net		(36,839)	(65,295)
Share of results of joint ventures, net		28,711	(12,409)
Write-down of inventories	8	71,857	92,139
Written-off of property, plant and equipment	8	–	6,988
Written-off of intangible assets	8	–	302
Operating cash flows before movements in working capital		2,523,525	3,771,944
Change in inventories		34,592	42,692
Change in contract assets		203,413	(31,332)
Change in trade and other receivables		106,657	625,466
Change in rental and service fee received in advance		(146,245)	2,990
Change in trade and other payables		(1,195,228)	(346,660)
Change in contract liabilities		(429,729)	(827,024)
Change in deferred income		(49,434)	(8,075)
Change in other current liabilities		(369)	(371)
Change in other non-current liabilities		(238,022)	(143,294)
Cash generated from operations		809,160	3,086,336
Income tax paid		(592,786)	(722,695)
Net cash generated from operating activities		216,374	2,363,641

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Investing activities			
Acquisitions of joint ventures		(1,550)	–
Acquisition of subsidiaries		(2,055)	(12,500)
Dividends received		46,940	90,543
Disposal of subsidiaries		–	(8,813)
Grant of loans		(91,658)	(523,317)
Interest received		23,667	11,526
Placement of restricted bank deposits		(540,338)	(555,063)
Placement of bank deposits with original maturity over three months		(32,153)	(5,000)
Proceeds from sale of investment properties		–	35,315
Proceeds on disposal of associates		148,736	123,579
Proceeds on disposal of intangible assets		238	235
Proceeds on disposal of joint ventures		–	519,202
Proceeds on disposal of property, plant and equipment		3,537	120,272
Proceeds on disposal of financial instruments at FVTOCI		439,957	–
Proceeds on disposal of financial instruments at FVTPL		1,293,122	456,663
Purchase of property, plant and equipment		(69,254)	(40,237)
Purchase of intangible assets		(667)	(1,342)
Purchase of investment properties		(300,360)	(309,725)
Purchases of financial instruments at FVTPL		(905,801)	(88,060)
Refunds of prepayment for acquisition of equity investments		–	140,000
Refunds of prepayments for purchase of properties		11,365	–
Repayment of loan receivables		261,757	336,636
Withdrawal of bank deposits with original maturity over three months		13,000	–
Withdrawal of restricted bank deposits		332,676	411,447
Net cash generated from investing activities		631,159	701,361

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Financing activities			
Advance from related parties and third parties		114,000	1,131,986
Advance from Xiamen C&D		16,130,000	5,200,000
Capital injection by non-controlling shareholders of subsidiaries		10,988	–
Contribution from a shareholder		–	300,000
Contributions from shareholders of subsidiaries		–	5,455
Dividends paid		(78,178)	(167,781)
Distributions to shareholders		(40,623)	(43,141)
Interest paid		(1,991,933)	(2,222,086)
Proceeds from new bank and other borrowings		13,141,842	5,877,644
Repayment of bank and other borrowings		(18,744,882)	(4,918,385)
Redemption of bonds		–	(530,829)
Repayment of lease liabilities		(489,873)	(536,287)
Payment for acquisition of additional interests in subsidiaries		(13,652)	(3,022)
Repayment to related parties and third parties		(812,900)	(2,032,262)
Repayment to Xiamen C&D		(7,467,426)	(5,227,248)
Net cash used in financing activities		(242,637)	(3,165,956)
Net increase/(decrease) in cash and cash equivalents		604,896	(100,954)
Effect of foreign exchange rate changes		137	(510)
Cash and cash equivalents at beginning of year		2,506,800	2,608,264
Cash and cash equivalents at end of year, represented by bank balances and cash	32	3,111,833	2,506,800

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

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

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

The respective addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section of the annual report. The principal activities of the Company and its subsidiaries (collectively the "Group") are operating and managing home furnishing shopping malls. The Group is also involved in pan home furnishings consumption, including internet home decoration, internet retail, etc.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its subsidiaries. Details of the Company's subsidiaries are set out in Note 54.

2. BASIS OF PREPARATION

2.1 Basis of measurement

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2. BASIS OF PREPARATION (continued)

2.2 Going concern

The Group incurred a loss of RMB3,727,843 thousand for the year ended 31 December 2024, and the Group had net current liabilities of RMB20,596,046 thousand as at 31 December 2024.

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

- The management had assessed the ongoing operations of the Group for the 12 months starting from 1 January 2025, and after taking into account unutilized bank facilities granted to the Group and the Group's expected operating cash inflows and financing arrangements as of 31 December 2024, believed that the liquidity risks that the Group is exposed to due to the fact that it has net current liabilities at 31 December 2024 fall within the range of controllable risks, and thus will not have material effects on the ongoing operations and financial position of the Group.
- Continuing to negotiate with banks and financial institutions for financing.

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

3. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards issued by IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity ³
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

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

² Effective for annual reporting periods beginning on or after 1 January 2025.

³ Effective for annual reporting periods beginning on or after 1 January 2026.

⁴ Effective for annual reporting periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all the new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

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

Goodwill

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Goodwill (continued)

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

Investments in associates and joint ventures

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in associates and joint ventures (continued)

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

Acquisition of additional interests in associates or joint ventures

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

Revenue from contracts with customers

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

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

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

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

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

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

Revenue from annual brand consulting and management service for the project

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Revenue from tenant sourcing commissions

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

Revenue from commercial management and consultation fees for construction project

It refers to revenue received by the Group from the provision of management and consultation services of Red Star Macalline to builders, including shopping mall design, consultation on construction and decoration solution, coordination and supervision on the site of construction as well as control of project cost and progress. The amount thereof is determined by the Group in consultation with the builders in line with the specific conditions of the project. The revenue arising therefrom is recognised by the Group at the amount agreed in the contracts under the circumstance that relevant services have been provided, relevant Managed Shopping Malls have been completed and reached operational status, and relevant service confirmation issued by the builder is obtained.

Revenue from commercial consultation fees

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

Revenue from construction and design service

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Revenue from home decoration and sales of merchandises

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

Revenue from strategic consultation fees

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

Joint marketing revenue

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

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

Input method

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

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

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

Right-of-use assets

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

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

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

Refundable rental deposits

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

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

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

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

Lease modifications

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

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

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

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

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

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

Sublease

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as a lessor (continued)

Lease modification

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

(i) Operating leases

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

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

(ii) Finance leases

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies

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

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

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

Borrowing costs

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government grants

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

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

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

Employee benefits

Termination benefits

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits (continued)

Short-term and other long-term employee benefits

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

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

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

Pension schemes

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation (continued)

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment properties

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

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

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

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

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

Intangible assets

Intangible assets acquired separately

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalents

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

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

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

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

Inventories

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

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

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

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

Contingent liabilities

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

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

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

A financial asset is held for trading if:

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

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

(ii) Receivables classified as at FVTOCI

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

(iii) Equity instruments designated as at FVTOCI

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iv) Financial assets at FVTPL

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

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

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk

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

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

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

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

Notes to the Consolidated Financial Statements

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4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

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

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

(ii) Definition of default

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL

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

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

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL (continued)

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

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

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

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

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

Classification as debt or equity

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

Equity instruments

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

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is held for trading if:

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at amortised cost

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

Financial guarantee contracts

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

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

Derecognition of financial liabilities

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial liabilities (continued)

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

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

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

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

Derivative financial instruments

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

Offsetting a financial asset and a financial liability

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Operating lease – as a lessor

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

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

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

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

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

Critical judgements in applying accounting policies (continued)

Methods for determining the performance schedule of construction contracts

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

Business models

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

Division of investment properties and property, plant and equipment

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

Critical judgements in applying accounting policies (continued)

Pending litigation

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

Judgment of significant influence on invested enterprise

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

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

Key sources of estimation uncertainty

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

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

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

As at 31 December 2024, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets subject to impairment assessment were RMB2,673,532 thousand, RMB4,792 thousand and RMB64,171 thousand (2023: RMB2,978,655 thousand, RMB10,787 thousand and RMB97,830 thousand) respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

Key sources of estimation uncertainty (continued)

Fair values of investment properties

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

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

As at 31 December 2024, the carrying amount of the Group's investment properties is RMB95,104,200 thousand (2023: RMB98,480,200 thousand).

Deferred tax asset

As at 31 December 2024, a deferred tax asset of RMB1,644,924 thousand (2023: RMB1,239,510 thousand) in relation to unused tax losses of certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of non-operating subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Fair value measurement of financial instruments at FVTPL and FVTOCI

As at 31 December 2024, certain of the Group's financial instruments at FVTPL and FVTOCI, amounting to RMB967,092 thousand (2023: RMB1,965,825 thousand) are measured based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 48 for further disclosures.

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

Key sources of estimation uncertainty (continued)

Provision of ECL on the financial assets and contract assets

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

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

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL assessment is disclosed in Notes 48 to the consolidated financial statements.

Lessee's incremental borrowing rate

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION AND REVENUE

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

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

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

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

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

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit/(loss) represents the profit earned/(loss incurred) by each segment without allocation of other income, other gains or losses, research and development expenses, changes in fair value of investment properties, impairment loss under expected credit losses model, share of results of associates, share of results of joint ventures, finance cost, central administrative expenses and income tax credit/(expenses). This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment. No operating segments have been aggregated in arriving at the reportable segment of the Group.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION AND REVENUE (continued)

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION AND REVENUE (continued)

	Owne d/Lease d Shopping Malls RMB'000	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2023					
Segment revenue from external customers	6,780,669	2,030,714	1,478,097	1,225,503	11,514,983
Segment profit/(loss)	3,381,871	190,442	(266,293)	524,351	3,830,371
Unallocated:					
Other income					319,480
Other gains or losses, net					(1,200,524)
Central administrative expense					(42,764)
Research and development expenses					(19,631)
Change in fair value of investment properties, net					(1,546,044)
Impairment losses under expected credit loss model, net of reversal					(1,303,571)
Share of results of associates, net					65,295
Share of results of joint ventures, net					12,409
Finance cost					(2,654,625)
Loss before tax					(2,539,604)
Other information:					
Depreciation	149,281	14,129	17,484	96,390	277,284
Amortisation	289	23,313	3,024	14,229	40,855

The revenue of sales set out as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	2,426,913	4,679,789
Rental and related revenue	5,394,353	6,835,194
	7,821,266	11,514,983

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION AND REVENUE (continued)

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

	Managed Shopping Malls <i>RMB'000</i>	Construction and decoration services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2024				
Principal operating region				
Mainland China	1,460,146	332,128	634,639	2,426,913
Timing of revenue recognition				
At point in time				
Revenue from sales of goods	–	1,988	35,881	37,869
Other revenues	–	–	171,053	171,053
Over-time				
Revenue from operation and management services	1,460,146	–	–	1,460,146
Revenue from construction and design services	–	271,396	–	271,396
Revenue from decoration	–	58,744	–	58,744
Other revenues	–	–	427,705	427,705
Total	1,460,146	332,128	634,639	2,426,913

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION AND REVENUE (continued)

	Managed Shopping Malls <i>RMB'000</i>	Construction and decoration services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2023				
Principal operating region				
Mainland China	2,030,714	1,478,097	1,170,978	4,679,789
Timing of revenue recognition				
A point in time				
Revenue from sales of goods	–	20,354	44,227	64,581
Other revenues	–	–	477,057	477,057
Over-time				
Revenue from operation and management services	2,030,714	–	–	2,030,714
Revenue from construction and design services	–	1,212,210	–	1,212,210
Revenue from decoration	–	245,533	–	245,533
Other revenues	–	–	649,694	649,694
Total	2,030,714	1,478,097	1,170,978	4,679,789

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. SEGMENT INFORMATION AND REVENUE (continued)

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

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

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and the expected timing of recognising revenue are as follows:

	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Within one year	491,606	628,062	33,247	1,152,915
More than one year	10,564,797	408,638	–	10,973,435
	11,056,403	1,036,700	33,247	12,126,350

Geographic information

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

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

	Non-current assets 2024 RMB'000	2023 RMB'000
The PRC	103,512,056	107,313,379
The Cayman Islands	91,804	93,468
	103,603,860	107,406,847

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

Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the year (2023: none).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

7. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Interest income on		
– bank deposits	16,854	14,536
– other loans and receivables	93,828	152,781
Total interest income	110,682	167,317
Government grants		
– tax refund and subsidies	33,882	33,921
– special industry-supporting fund	21,878	37,153
– other policy reward support funds	71	40
Subsidy for land supporting expense and subsidy for gas-fired air conditioning equipment	5,886	5,850
Dividend income from financial instruments at fair value through other comprehensive income	14,431	53,682
Dividend income from financial instruments at fair value through profit or loss	1,852	10,101
Income from default compensation	3,623	1,038
Income from project termination	27,759	10,378
	220,064	319,480

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8. OTHER GAINS OR LOSSES, NET

	2024 RMB'000	2023 RMB'000
Gain/(loss) on disposal of associates and joint ventures	13,964	(94,350)
Gain on disposal of financial instruments at FVTPL	2,215	183
Loss on disposal of property, plant and equipment	(7,043)	(11,064)
Loss on disposal of intangible assets	(974)	(19)
Gain on disposal and deregistration of subsidiaries, net	–	16,600
Loss on lease modification	(36,379)	(44,608)
Impairment loss on earning right related to land consolidation	–	(315,070)
Impairment loss on interests in associates	–	(131,053)
Impairment loss on interests in joint ventures	–	(34,829)
Fair value change on financial instruments at FVTPL	(96,496)	(44,744)
Charitable donations	–	(57)
Compensation expenses	(37,289)	(14,575)
Written off of property, plant and equipment	–	(6,988)
Written off of intangible assets	–	(302)
Write-down of inventories	(71,857)	(92,139)
Exchange loss	(32,677)	(30,885)
Others (note a)	(259,744)	(396,624)
	(526,280)	(1,200,524)

Note:

- (a) Other losses for the year ended 31 December 2024 include (1) individual projects for which the decision to discontinue further investment was made after evaluation by the relevant departments of the Company, the related loss arising from the discontinued projects amounted to RMB139,564 thousand (2023: RMB253,156 thousand); (2) the estimated loss arising from asset repurchase obligations amounted to RMB0 (2023: RMB65,000 thousand); and (3) the estimated loss arising from failure to execute contracts in accordance with the agreements amounted to RMB0 (2023: RMB40,000 thousand).

9. RESEARCH AND DEVELOPMENT EXPENSES

	2024 RMB'000	2023 RMB'000
Salaries, bonus and benefits	9,939	16,192
Depreciation and amortisation	3,403	3,321
Others	24	118
	13,366	19,631

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

10. FINANCE COST

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	2,293,629	2,587,565
Interest on lease liabilities	137,843	188,915
Interest on bonds	100,324	96,173
	2,531,796	2,872,653
Less: amount capitalised in the cost of qualifying assets (note)	(603)	(218,028)
	2,531,193	2,654,625

note: Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.01% (2023: 6.01%) per annum to expenditure on qualifying assets.

11. INCOME TAX

	2024 RMB'000	2023 RMB'000
Income tax expenses comprise:		
Current tax:		
PRC enterprise income tax	264,145	181,610
Under/(over) provision in prior year	74,968	(99,543)
	339,113	82,067
Deferred tax – current year (Note 39)	(930,859)	(51,253)
Income tax (credit)/expenses	(591,746)	30,814

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. INCOME TAX (continued)

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

	2024 RMB'000	2023 RMB'000
Loss before tax	(4,319,589)	(2,539,604)
Income tax expenses calculated based on statutory tax rate	(1,079,897)	(634,901)
Impact of different tax rates applicable to subsidiaries	(76,973)	29,334
Under/(over)-provision in prior year	74,968	(99,543)
Tax effect of share of results of associates	40,287	26,921
Tax effect of share of results of joint ventures	7,178	(3,102)
Tax effect of income not taxable for tax purpose	(27,788)	(9,555)
Tax effect of expenses that are not deductible for tax purpose	41,090	97,856
Utilisation of tax losses and deductible losses of deferred income tax previously unrecognised	(146,209)	(17,800)
Effect of tax losses not recognised and deductible temporary differences not recognised	575,598	641,604
	(591,746)	30,814

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

The Group's subsidiaries, Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司), Chongqing Liangjiang New Area Red Star Macalline Business Management Company Limited (重慶兩江新區紅星美凱龍商業管理有限公司) and Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司), are entitled to preferential policies on enterprise income tax pursuant to the Announcement of the Ministry of Finance, the General Administration of Taxation and the National Development and Reform Commission No. 23 of 2020 "Announcement of the General Administration of Taxation of the Ministry of Finance and the National Development and Reform Commission on the Continuation of the Enterprise Income Tax Policies for the Development of Western Region" (《財政部稅務總局國家發展改革委關於延續西部大開發企業所得稅政策的公告》). The aforesaid subsidiaries met the relevant conditions and the applicable tax rate for the current year was 15%.

On December 2022, a subsidiary of the Group, Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司), obtained the Certificate for Hi-tech Enterprise, whose certificate number was GR202231004738 with a validity of three years, and was subject to a tax rate of 15% for the year.

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For the year ended 31 December 2024

12. LOSS FOR THE YEAR

	2024 RMB'000	2023 RMB'000
Loss for the year has been arrived at after charging (crediting):		
Staff costs (including directors emoluments)		
Salaries and other benefits	1,988,877	2,367,509
Retirement benefits scheme contributions	188,343	217,335
Total staff costs	2,177,220	2,584,844
Auditors' remuneration	6,500	6,500
Cost of inventories recognised as an expense	43,033	124,649
Depreciation of property, plant and equipment	199,585	270,504
Depreciation of right-of-use assets	3,542	6,780
Amortisation of intangible assets	37,621	40,855
Advertising and promotional expenses	613,267	890,759
Gross rental income from investment properties	(5,394,353)	(6,835,194)
Less: Direct operating expenses incurred for investment properties	1,377,783	1,490,506
	(4,016,570)	(5,344,688)

Notes to the Consolidated Financial Statements

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

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

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

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

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Performance related incentive payments RMB'000	Total RMB'000
For the year ended 31 December 2023					
Executive directors					
CHE Jianxing	–	2,880	143	–	3,023
LI Jianhong (note a)	–	2,149	16	–	2,165
SHI Yaofeng (note a)	–	1,065	57	–	1,122
YANG Yingwu (note a)	–	479	57	–	536
GUO Binghe (note c)	–	88	6	–	94
CHE Jianfang (note c)	–	1,197	87	–	1,284
JIANG Xiaozhong (note c)	–	1,296	143	–	1,439
Total	–	9,154	509	–	9,663
Non-executive directors					
ZHENG Yongda (note d)	–	–	–	–	–
WANG Wenhui (note d)	–	–	–	–	–
ZOU Shaorong (note d)	–	–	–	–	–
XU Di (note a)	–	–	–	–	–
SONG Guangbin (note a)	–	–	–	–	–
CHEN Shuhong (note c)	–	52	4	–	56
JIANG Xiangyu (note e)	–	–	–	–	–
CHEN Zhaohui (note f)	–	–	–	–	–
HU Xiao (note g)	–	–	–	–	–
YANG Guang (note h)	–	–	–	–	–
Total	–	52	4	–	56

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For the year ended 31 December 2024

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

	Fees <i>RMB'000</i>	Salaries and other benefits <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Performance related incentive payments <i>RMB'000</i>	Total <i>RMB'000</i>
Independent non-executive directors					
XUE Wei (note a)	76	–	–	–	76
CHEN Shanang (note a)	76	–	–	–	76
HUANG Jianzhong (note a)	76	–	–	–	76
WONG Chi Wai (note a)	76	–	–	–	76
CAI Qinghui (note a)	76	–	–	–	76
LEE Kwan Hung (note i)	374	–	–	–	374
QIAN Shizheng (note i)	374	–	–	–	374
ZHAO Chongyi (note i)	374	–	–	–	374
WANG Xiao (note i)	374	–	–	–	374
QIN Hong (note i)	374	–	–	–	374
Total	2,250	–	–	–	2,250
Supervisors					
MA Chenguang (note a)	–	57	–	–	57
CHEN JiaSheng (note a)	–	57	–	–	57
TANG Rongzhen (note a)	–	418	57	–	475
WANG Shouyi (note a)	–	210	57	–	267
PAN Ning (note i)	–	1,340	87	–	1,427
CHAO Yanping (note i)	–	299	87	–	386
CHEN Gang (note i)	–	112	–	–	112
ZHENG Hongtao (note i)	–	112	–	–	112
Total	–	2,605	288	–	2,893

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

note a: Appointed on 14 August 2023.

note b: Appointed as executive director on 15 February 2023.

Mr. LI Jianhong has been re-designated from an executive director to a non-executive director, with effect from 27 December 2024.

note c: Resigned on 17 January 2023.

note d: Appointed on 15 February 2023.

note e: Not received any remuneration from the Company for the year ended 31 December 2023.

Retired on 15 August 2023.

note f: Retired on 15 August 2023, and not received any remuneration from the Company for the year ended 31 December 2023.

note g: Not received any remuneration from the Company for the year ended 31 December 2023.

Retired on 15 August 2023.

note h: Not received any remuneration from the Company for the year ended 31 December 2023.

Resigned on 15 February 2023.

note i: Retired on 15 August 2023.

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

Mr. Che Jianxing is also the chief executive of the Company and his emolument for the role as chief executive is also included above.

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

During the year ended 31 December 2023, except for RMB802,000 paid to Pan Ning as compensation for loss of office, no emoluments were paid by the Group to any director or supervisor of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. No director or supervisor of the Company waived any emoluments during the year (2023: nil).

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For the year ended 31 December 2024

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: one director) and one executive (2023: one executive), and details of directors' remuneration are set out in Note 13. Details of the remaining three (2023: four) non-directors who were the five highest paid employees are set out as follows:

	2024 RMB'000	2023 RMB'000
Salaries and allowance	10,765	15,049
Bonuses	2,559	7,866
Pension	212	223
Social insurance and reserve fund other than pensions	224	243
	13,760	23,381

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

	2024 employee	2023 employee
HK\$3,000,001 (equivalent to RMB2,700,000) to HK\$3,500,000 (equivalent to RMB3,150,000)	–	1
HK\$4,000,001 (equivalent to RMB3,704,000) to HK\$4,500,000 (equivalent to RMB4,167,000)	1	–
HK\$4,500,001 (equivalent to RMB4,167,000) to HK\$5,000,000 (equivalent to RMB4,630,000)	1	–
HK\$5,500,001 (equivalent to RMB5,093,000 (2023:RMB4,950,000)) to HK\$6,000,000 (equivalent to RMB5,556,000 (2023:RMB5,400,000))	1	1
HK\$7,000,001 (equivalent to RMB6,300,000) to HK\$7,500,000 (equivalent to RMB6,750,000)	–	1
HK\$10,000,001 (equivalent to RMB9,000,000) to HK\$10,500,000 (equivalent to RMB9,450,000)	–	1

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For the year ended 31 December 2024

15. DIVIDEND

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2024 RMB'000	2023 RMB'000
2022 Final Dividend (RMB0.034 per share)	–	148,025
Special Dividend (RMB0.046 per share)	–	200,270
	–	348,295

The Board resolved that no final dividend will be declared in respect of the year ended 31 December 2024 (year ended 31 December 2023: Nil).

The final dividend that relates to the year ended 31 December 2022 (the “2022 Final Dividend”) amounting to RMB148,025 thousand was approved at the annual general meeting on 26 June 2023 and was paid on 25 August 2023. On 28 April 2023, the Board has proposed the distribution of a special dividend of RMB0.46 per 10 shares (“Special Dividend”). The Special Dividend amounting to RMB200,270 thousand was approved at the annual general meeting on 26 June 2023 and was paid on 25 August 2023.

16. LOSS PER SHARE

The calculation of basic and diluted loss per share as of 31 December 2024 and 2023 is based on the following data:

	2024 RMB	2023 RMB
Basic and diluted loss per share	(0.80)	(0.55)

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

There was no dilutive potential ordinary shares outstanding for the years ended 31 December 2024 and 2023. Accordingly, the diluted loss per share is same as the basic loss per share for the years ended 31 December 2024 and 2023.

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For the year ended 31 December 2024

16. LOSS PER SHARE (continued)

As of 31 December 2024 and 2023, the calculation of basic and diluted loss per share is detailed as follows:

	2024	2023
<i>Loss</i>		
Net loss for the year attributable to owners of the Company (RMB'000)	(3,492,042)	(2,412,713)
<i>Number of the ordinary shares</i>		
Weighted average number of the ordinary shares of the Company ('000)	4,354,733	4,354,733

17. INVESTMENT PROPERTIES

The Group leases out shops and buildings under operating leases with rentals payable monthly. The leases typically run for an initial period of 6 months to 2 years (2023: 6 months to 2 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

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

For the year ended 31 December 2024, the total cash outflow for investment properties is RMB921,464 thousand (2023: RMB886,247 thousand), including RMB621,104 thousand (2023: RMB576,522 thousand) paid for leased properties under subleases and RMB300,360 thousand (2023: RMB309,725 thousand) paid for acquiring investment properties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. INVESTMENT PROPERTIES (continued)

The leased properties are with leased terms of 1 year to 30 years (2023: 3 years to 30 years).

	Completed investment properties <i>RMB'000</i>	Properties under construction <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
Fair value				
As at 1 January 2023	86,781,000	8,928,000	4,313,185	100,022,185
Additions	51,960	367,072	63,228	482,260
Lease modification	–	–	(135,494)	(135,494)
Disposal of assets	(44,000)	–	–	(44,000)
Transfer to property, plant and equipment	(298,707)	–	–	(298,707)
Changes in fair value	(677,054)	(192,072)	(676,918)	(1,546,044)
As at 31 December 2023 and 1 January 2024	85,813,199	9,103,000	3,564,001	98,480,200
Additions	543,293	33,853	44,783	621,929
Lease modification	–	–	(1,178,058)	(1,178,058)
Transfer from construction in progress	495,000	(495,000)	–	–
Transfer from property, plant and equipment and inventory	59,151	–	–	59,151
Changes in fair value	(1,760,443)	(342,853)	(775,726)	(2,879,022)
As at 31 December 2024	85,150,200	8,299,000	1,655,000	95,104,200

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

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

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

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For the year ended 31 December 2024

17. INVESTMENT PROPERTIES (continued)

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

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

As at 31 December 2024

	Fair value Hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range	Effect on fair value for changes to key inputs	Carrying amounts RMB'000
Completed investment properties	Level 3	Income approach	Price of unit area leasable (per square meter per month)	RMB12 to RMB208	Increase	81,611,200
			Capitalisation Rate	4.5% to 7.0%	Decrease	
Completed investment properties	Level 3	Direct comparison approach	Unit area price of investment properties (per square meter)	RMB14,897	Increase	3,539,000
Investment properties at an early development stage	Level 3	Direct comparison approach	Unit area price of investment properties (per square meter)	RMB374 to RMB34,406	Increase	6,059,000
Other investment properties under development	Level 3	Hypothetical development approach	Unit area price of investment properties (per square meter)	RMB59 to RMB82	Increase	2,240,000
			Capitalisation rate	5.0% to 6.0%	Decrease	
Leased properties	Level 3	Income approach	Price of unit area leasable (per square meter per month)	RMB13 to RMB223	Increase	1,655,000
			Capitalisation rate	3.45% to 6.45%	Decrease	
						95,104,200

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17. INVESTMENT PROPERTIES (continued)

As at 31 December 2023

	Fair value Hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range	Effect on fair value for changes to key inputs	Carrying amounts RMB'000
Completed investment properties	Level 3	Income approach	Price of unit area leasable (per square meter per month) Capitalisation Rate	RMB14 to RMB241 6.0% to 7.0%	Increase Decrease	85,053,199
Completed investment properties	Level 3	Direct comparison approach	Unit area price of investment properties (per square meter)	RMB15,338	Increase	760,000
Investment properties at an early development stage	Level 3	Hypothetical development approach	Unit area price of investment properties (per square meter)	RMB372 to RMB40,636	Increase	4,929,000
Other investment properties under development	Level 3	Direct comparison approach	Price of unit area leasable (per square meter per month) Capitalisation rate	RMB57 to RMB78 6% to 7%	Increase Decrease	4,174,000
Leased properties	Level 3	Income approach	Price of unit area leasable (per square meter per month) Capitalisation rate	RMB25 to RMB223 6% to 7%	Increase	3,564,001
						<hr/> 98,480,200 <hr/>

There were no transfers into or out of Level 3 during the years ended 31 December 2024 and 2023.

The unrealised loss on property revaluation amounting to RMB2,879,022 thousand was recognised in profit or loss during the current year (2023: RMB1,546,044 thousand).

As of 31 December 2024, the Company holds an investment property with a carrying value of RMB2,198,000 thousand (2023: RMB2,218,000 thousand) located on land where the project partner holds the land use rights. The land is designated for scientific research and design purposes, and the land use rights are classified as allocated land.

As of 31 December 2024, the Company holds shopping mall properties with a carrying value of RMB209,000 thousand (2023: RMB235,000 thousand) acquired through transfer. Due to historical land-related issues associated with these properties, the transfer of ownership registration has not yet been completed.

Other than the abovementioned, the Group was in the process of obtaining the relevant ownership property certificates for the investment properties with carrying amounts of RMB1,185,000 thousand and RMB851,000 thousand as at 31 December 2024 and 2023, respectively. In the opinion of the directors of the Company, the relevant property ownership certificates can be obtained in due time without incurring significant costs.

The Group's investment properties of RMB80,746,200 thousand (2023: RMB85,231,000 thousand) was pledged to secure the bank and other borrowings of the Group as detailed in Notes 34 and 44.

Notes to the Consolidated Financial Statements

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18. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings <i>RMB'000</i>	Special equipment <i>RMB'000</i>	Transportation equipment <i>RMB'000</i>	Electronic equipment, appliances and fixtures <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Cost						
As at 1 January 2023	3,895,676	184,092	113,759	458,460	89,425	4,741,412
Additions	15,397	44	210	15,186	9,400	40,237
Transfer from construction in progress	51,326	–	–	–	(51,326)	–
Transfer from investment properties	298,707	–	–	–	–	298,707
Transfer to intangible assets	–	–	–	–	(30,614)	(30,614)
Disposal of subsidiaries	(151)	–	–	(348)	–	(499)
Disposal/written off	(8,375)	(174,588)	(14,586)	(35,668)	–	(233,217)
As at 31 December 2023 and 1 January 2024	4,252,580	9,548	99,383	437,630	16,885	4,816,026
Additions	5,998	1,994	–	20,997	40,265	69,254
Transfer from construction in progress	42,733	–	–	–	(42,733)	–
Transfer to investment properties	(65,729)	–	–	–	–	(65,729)
Transfer to intangible assets	–	–	–	–	(4,507)	(4,507)
Disposal/written off	(99,695)	(2,240)	(15,567)	(22,935)	–	(140,437)
As at 31 December 2024	4,135,887	9,302	83,816	435,692	9,910	4,674,607
Accumulated depreciation						
As at 1 January 2023	1,173,057	58,412	79,782	347,908	–	1,659,159
Depreciation charge	201,930	7,766	10,038	50,770	–	270,504
Disposal of subsidiaries	(3)	–	–	(154)	–	(157)
Disposal/written off	(1,050)	(59,355)	(12,778)	(18,952)	–	(92,135)
As at 31 December 2023 and 1 January 2024	1,373,934	6,823	77,042	379,572	–	1,837,371
Depreciation charge	162,662	558	6,077	30,288	–	199,585
Transfer to investment properties	(6,578)	–	–	–	–	(6,578)
Disposal/written off	–	(2,143)	(10,195)	(16,965)	–	(29,303)
As at 31 December 2024	1,530,018	5,238	72,924	392,895	–	2,001,075
Carrying amount						
As at 31 December 2024	2,605,869	4,064	10,892	42,797	9,910	2,673,532
As at 31 December 2023	2,878,646	2,725	22,341	58,058	16,885	2,978,655

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18. PROPERTY, PLANT AND EQUIPMENT (continued)

As of 31 December 2024, the Group's land and buildings with carrying value of RMB2,409,393 thousand (2023: RMB2,522,396 thousand) were used as mortgaged collateral. Details, please refer to Notes 34 and 44.

During the year ended 31 December 2024, the Group transferred a property with carrying value of RMB59,151 thousand from property, plant and equipment to investment properties due to the usage of the property changed from self-use to rental.

During the year ended 31 December 2023, the Group transferred a property with carrying value of RMB298,707 thousand from investment properties to property, plant and equipment due to the usage of the property changed from rental to self-use.

The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Houses and buildings – 40 years

Special equipment – 10 years

Transportation equipment – 5 years

Electronic equipment, appliances and fixtures – 3 to 5 years

Notes to the Consolidated Financial Statements

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19. RIGHT-OF-USE ASSETS

		Leased properties RMB'000
Cost		
As at 1 January 2023		60,007
Additions		5,082
Modification		(43,455)
As at 31 December 2023 and 1 January 2024		21,634
Modification		(7,726)
As at 31 December 2024		13,908
Accumulated depreciation		
As at 1 January 2023		20,750
Depreciation change		6,780
Modification		(16,683)
As at 31 December 2023 and 1 January 2024		10,847
Depreciation change		3,542
Modification		(5,273)
As at 31 December 2024		9,116
Carrying amount		
As at 31 December 2024		4,792
As at 31 December 2023		10,787
	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases	43,044	37,819
Total cash outflow for leases	670,760	763,021

For both years, the Group leases various offices, warehouses, retail stores for its operations. Lease contracts are entered into for fixed term of 1 to 6 years (2023: 2 to 28 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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20. INTANGIBLE ASSETS

	Software RMB'000	Trademark use right RMB'000	Others RMB'000	Total RMB'000
Cost				
As at 1 January 2023	267,185	525,000	33,078	825,263
Additions	1,268	–	–	1,268
Internal research and development	74	–	–	74
Transfer from construction in progress	19,546	–	11,068	30,614
Disposal/written off	(3,145)	–	(207)	(3,352)
As at 31 December 2023 and 1 January 2024	284,928	525,000	43,939	853,867
Additions	667	–	–	667
Transfer from construction in progress	3,326	–	1,181	4,507
Disposal/written off	(3,893)	–	(74)	(3,967)
As at 31 December 2024	285,028	525,000	45,046	855,074
Accumulated amortisation and impairment				
As at 1 January 2023	173,983	525,000	18,995	717,978
Amortisation	31,747	–	9,108	40,855
Disposal/written off	(2,745)	–	(51)	(2,796)
As at 31 December 2023 and 1 January 2024	202,985	525,000	28,052	756,037
Amortisation	27,186	–	10,435	37,621
Disposal/written off	(2,716)	–	(39)	(2,755)
As at 31 December 2024	227,455	525,000	38,448	790,903
Carrying amount				
As at 31 December 2024	57,573	–	6,598	64,171
As at 31 December 2023	81,943	–	15,887	97,830

As at 31 December 2024 and 2023, the Software are mainly internal generated.

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20. INTANGIBLE ASSETS (continued)

RMB525,000,000 in the initial gross carrying amount of the right to use the trademarks was used to purchase the right to use the registered trademark of Jisheng Wellborn from Shanghai Jisheng Wellborn Furniture Company Limited (上海吉盛偉邦家居市場經營管理有限公司) by the Company. In May 2014, the Company and the controlling shareholders of the JSWB Furniture entered into the Registered Trademark Licensing Contract, pursuant to which, Shanghai Jisheng Wellborn Furniture Company Limited authorises the Group to use eight of its registered trademarks (the “licensed trademarks”) on an exclusive basis, and the Group has the right to use the licensed trademarks in our Portfolio Shopping Malls or Managed Shopping Malls and in the business operation course related with those shopping malls. Meanwhile, the Group has the right to authorise any third parties to use the licensed trademarks within the properties of the shopping malls from 1 June 2014 to 30 May 2044. The right to use the trademarks was amortised on a straight-line basis within 30 years of the licensed period contracted by the Group since June 2014 which is fully impaired in 2021.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods.

Software	– from 2 to 10 years
Trademark use right	– 30 years
Others	– 3 years

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21. GOODWILL

	2024 RMB'000	2023 RMB'000
Suzhou Industrial Park Red Star Macalline Home Co., Ltd	16,592	16,592
Xinsheng Property Management (Shanghai) Co., Ltd.	81,005	81,005
	97,597	97,597

Suzhou Industrial Park Red Star Macalline Home Co., Ltd (蘇州工業園區紅星美凱龍家居有限公司) (“Suzhou Industrial Park”)

The subsidiary to which goodwill belongs is deemed as a cash generated unit (the “CGU”) when being tested for goodwill impairments. The recoverable amount of a CGU to which goodwill belongs is determined based on the present value of the estimated future cash flows of the CGU which are determined based on the financial budget for the 5 years forecast period approved by the management. The pre-tax discount rate used to forecast the cash flows of CGU during the forecast period was 5.5% (2023:6.5%), and the growth rate used to extrapolate the cash flows beyond the forecast period is 0% (2023:0%). Since, after calculation, the present value of the estimated future cash flows of Suzhou Industrial Park was higher than the carrying amount of the portfolios of asset groups, the Group believed that there were no impairment of goodwill arising from the acquisition of Suzhou Industrial Park.

Xinsheng Property Management (Shanghai) Co., Ltd. (鑫笙物業管理(上海)有限公司) (“Shanghai Xinsheng”)

The subsidiary to which goodwill belongs is deemed as CGU when being tested for goodwill impairments. The recoverable amount of the CGU to which goodwill belongs is determined based on the net amount of fair value of a CGU after deducting costs of disposal, and the carrying amount of Shanghai Xinsheng's CGU for impairment test was the carrying amount of an assets group after deducting the non-core goodwill arising from the recognition of deferred income tax liabilities. According to the calculation, the net amount of fair value of Shanghai Xinsheng after deducting costs of disposal was higher than the carrying amount of the assets group. The Group believes that there is no impairment of the goodwill arising from the acquisition of Shanghai Xinsheng.

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For the year ended 31 December 2024

22. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Cost of investments in unlisted associates	2,202,562	2,279,102
Share of post-acquisition profits and other comprehensive income, net of dividends received	132,088	135,980
	2,334,650	2,415,082

During the year ended 31 December 2024, the Group disposed the following associates:

	Equity interest disposed	Consideration RMB'000	Carrying amount RMB'000	Gain on disposal RMB'000
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	0.77%	11,944	–	11,944
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	10.00%	13,000	11,245	1,755
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	42.86%	57,048	56,783	265
		81,992	68,028	13,964

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22. INTERESTS IN ASSOCIATES (continued)

As at 31 December 2024 and 2023, the Group had interests in the following principal associates:

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2024	2023	2024	2023	
Haier Consume Financing Company Limited (海爾消費金融有限公司) ("Haier Financing")	PRC	25.00%	25.00%	25.00%	25.00%	Finance
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) ("Shandong Inzone")	PRC	46.50%	46.50%	46.50%	46.50%	Leasing and commercial services
Shenyudao Cultural Tourism Holding Co., Ltd. (神玉島文化旅遊控股股份有限公司)	PRC	35.00%	35.00%	35.00%	35.00%	Residential services, maintenance and other services
Yaxiya New Materials Technology Co., Ltd. (亞細亞新材料科技股份有限公司) (note)	PRC	19.53%	19.53%	19.53%	19.53%	Wholesale and retail
Guangdong Sanweijia Information Technology Co., Ltd. (廣東三維家信息科技有限公司) (note)	PRC	10.53%	10.53%	10.53%	10.53%	Information transmission, software and information technology services
SUNSEAPARKING INC (note)	Cayman	5.21%	5.21%	5.21%	5.21%	Leasing and commercial services
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司) (note)	PRC	18.00%	18.00%	18.00%	18.00%	Transportation, storage and postage
Weifang Binxing Properties Co., Ltd. (濰坊濱星置業有限公司)	PRC	30.00%	30.00%	30.00%	30.00%	Real estate
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司) (note)	PRC	8.14%	8.14%	8.14%	8.14%	Wholesale and retail
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	PRC	30.00%	30.00%	30.00%	30.00%	Construction
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Science research and technology service

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22. INTERESTS IN ASSOCIATES (continued)

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2024	2023	2024	2023	
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司) (note)	PRC	15.00%	15.00%	15.00%	15.00%	Manufacture
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	PRC	37.00%	37.00%	37.00%	37.00%	Wholesale and retail
Beijing Bilin Hongke Technology Co., Ltd. (北京比鄰弘科科技有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Science research and technology service
Shanghai Qiangshang Environmental Technology Company Limited (上海牆尚環保科技有限公司) (note)	PRC	14.49%	14.49%	14.49%	14.49%	Wholesale and retail
ICOLOR PRIVATE LIMITED (note)	Cayman	8.00%	8.00%	8.00%	8.00%	Construction
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司) (note)	PRC	9.48%	10.25%	9.48%	10.25%	Science research and technology service
Chengdu Rhine Etam Furniture Co., Ltd. (成都艾格傢俱有限公司) (note)	PRC	12.17%	12.17%	12.17%	12.17%	Manufacture
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Science research and technology service
BigZone Information Technology (Shanghai) Company Limited (大域信息科技(上海)有限公司) (note)	PRC	14.29%	14.29%	14.29%	14.29%	Science research and technology service
ArtPollo Network Technology (Beijing) Company Limited (愛菠蘿網絡科技(北京)有限公司) (note)	PRC	15.00%	15.00%	15.00%	15.00%	Technology promotion and application service
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司) (note)	PRC	0.00%	10.00%	0.00%	10.00%	Construction
Beijing Canny-Robot Technology Co., Ltd. (北京康力優藍機器人科技有限公司) (note)	PRC	6.00%	6.00%	6.00%	6.00%	Science research and technology service
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司) (note)	PRC	4.90%	4.90%	4.90%	4.90%	Construction
Guangzhou Huoshu Yinhua Information Technology Co., Ltd. (廣州火數銀花信息科技有限公司) (note)	PRC	11.66%	11.66%	11.66%	11.66%	Information transmission, software and information technology services

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22. INTERESTS IN ASSOCIATES (continued)

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2024	2023	2024	2023	
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司) (note)	PRC	9.00%	9.00%	9.00%	9.00%	Leasing and commercial service
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Wholesale and retail
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	PRC	49.00%	49.00%	49.00%	49.00%	Finance
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	PRC	30.00%	30.00%	30.00%	30.00%	Wholesale and retail
Meishang (Guangzhou) Cosmetics Co., Ltd. (美尚(廣州)化妝品股份有限公司) (note)	PRC	8.29%	8.29%	8.29%	8.29%	Wholesale and retail
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	PRC	40.00%	40.00%	40.00%	40.00%	Wholesale and retail
Zhongzhuang Central Purchasing (Beijing) Information Technology Co., Ltd. (中裝集採(北京)信息技術有限公司)	PRC	35.00%	35.00%	35.00%	35.00%	Science research and technology service
Xingpai Commercial Property Management (Guangzhou) Co., Ltd. (星派商業物業經營(廣州)有限公司)	PRC	32.00%	32.00%	32.00%	32.00%	Leasing and commercial service
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	PRC	0.00%	42.86%	0.00%	42.86%	Water transport
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司)	PRC	20.00%	20.00%	20.00%	20.00%	Property management
Xi'an Jiahexing Home Furnishing Co. (西安佳和興家居有限責任公司)(note)	PRC	19.00%	19.00%	19.00%	19.00%	Wholesale and retail
Shanghai Lihao Environmental Protection Technology Co.Ltd. (上海麗浩環保科技有限公司)(note)	PRC	19.90%	19.90%	19.90%	19.90%	Construction
META (Shanghai) Building Technology Co., Ltd. (美宅(上海)建築科技有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Construction
Shanghai Kaishen Enterprise Management Co., Ltd. (上海凱坤企業管理有限公司) (note)	PRC	10.00%	10.00%	10.00%	10.00%	Business service
Nanchang Xinshi Enterprise Management Co., Ltd. (南昌歆獅企業管理有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Business service

note: The Group delegates directors to the investee and has significant influence over the investee.

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22. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates

Haier Financing

	2024 RMB'000	2023 RMB'000
Current assets	29,005,091	25,903,685
Non-current assets	342,966	363,607
Current liabilities	(24,970,945)	(23,741,356)
Non-current liabilities	(1,546,110)	(140,167)
Net assets	2,831,002	2,385,769
Revenue	3,167,779	2,489,336
Profit and total comprehensive income for the year	445,233	364,802

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Net assets of the associates	2,831,002	2,385,769
Proportion of the Group's ownership interest in the associates	25%	25%
Carrying amount of the Group's interest in Haier Financing	707,751	596,442

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22. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates (continued)

Shandong Inzone

	2024 RMB'000	2023 RMB'000
Current assets	235,438	308,425
Non-current assets	1,302,583	1,381,398
Current liabilities	(273,610)	(266,273)
Non-current liabilities	(661,738)	(817,775)
Net assets	602,673	605,775

	2024 RMB'000	2023 RMB'000
Revenue	292,703	343,595
(Loss)/profit and total comprehensive (loss)/income for the year	(3,102)	36,050

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates recognised in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Net assets of the associates	602,673	605,775
Proportion of the Group's ownership interest in the associates	46.5%	46.5%
Proportion of the Group's ownership interest	280,243	281,685
Goodwill	153,287	153,287
Carrying amount of the Group's interest in Shandong Inzone	433,530	434,972

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22. INTERESTS IN ASSOCIATES (continued)

Aggregate information of associates that are not individually material

	2024 RMB'000	2023 RMB'000
The Group's share of loss for the year	(73,026)	(42,669)
The Group's share of other comprehensive income for the year	4,407	–
The Group's share of total comprehensive loss for the year	(68,619)	(42,669)
Aggregate carrying amount of the Group's interests in these associates	1,193,369	1,383,668

The unrecognised share of loss of associates set out as follows:

	2024 RMB'000	2023 RMB'000
The unrecognised share of loss of associates for the year	(20,084)	(1,179)
Cumulative unrecognised share of loss of associates	(24,235)	(4,151)

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23. INTERESTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Cost of investments in unlisted joint ventures	463,692	462,143
Share of post-acquisition profits and other comprehensive income, net of dividends received	530,865	565,276
	994,557	1,027,419

As at 31 December 2024 and 2023, the Group had interests in the following principal joint ventures:

Name of entities	Place of registration	Proportion of nominal value of registered capital		Proportion of voting power held		Principal activities
		2024	2023	2024	2023	
Chengdu Dongtai Shopping Mall Company Limited ("Chengdu Dongtai") (成都東泰商城有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Site lease management
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司) (note a)	PRC	40.00%	40.00%	40.00%	40.00%	Wholesale and retail
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Leasing and commercial services
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司) (note b)	PRC	48.00%	48.00%	48.00%	48.00%	Leasing and commercial services
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Leasing and commercial services
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) (note c)	PRC	60.00%	60.00%	60.00%	60.00%	Leasing and commercial services
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	PRC	50.00%	50.00%	50.00%	50.00%	Leasing and commercial services
Hangzhou Jiamei Scenario Technology Co., Ltd. 杭州建美場景科技有限公司	PRC	31.00%	0.00%	31.00%	0.00%	Education and business services

Notes to the Consolidated Financial Statements

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23. INTERESTS IN JOINT VENTURES (continued)

note a: The board of directors of Shanghai CTME Economy & Trade Development Co., Ltd. is composed of five people, of which the Group nominated two. The resolution of meetings of the board must be approved by at least two-thirds of the directors. The shareholders formed joint control, so it is a joint venture company.

note b: The Group delegates directors to this entity, which could form joint control over it.

note c: The daily operation and management of the Company requires unanimous consent of both parties. Therefore, Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司) is a joint venture.

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS Accounting Standards.

The material joint venture is accounted for using the equity method in the consolidated financial statements.

Chengdu Dongtai

	2024 RMB'000	2023 RMB'000
Current assets	513,520	474,885
Non-current assets	1,416,335	1,426,098
Current liabilities	(80,098)	(82,344)
Non-current liabilities	(321,182)	(318,999)
Net assets	1,528,575	1,499,640
Revenue	70,232	94,872
Profit/(loss) and total comprehensive income/(loss) for the year	28,935	(50,900)

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23. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint venture (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Net assets of the joint venture	1,528,575	1,499,640
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount to the Group's interest in Chengdu Dongtai	764,288	749,820

Aggregate information of joint ventures that are not individually material

	2024 RMB'000	2023 RMB'000
The Group's share of (loss)/profit and total comprehensive (loss)/income for the year	(43,179)	37,859
Aggregate carrying amount of the Group's interests in these joint ventures	230,269	277,599

The unrecognised share of loss of joint ventures set out as follows:

	2024 RMB'000	2023 RMB'000
The unrecognised share of loss of joint ventures for the year	(6,216)	(1,179)
Cumulative unrecognised share of loss of joint ventures	(33,892)	(27,676)

24. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Fund	81,111	81,111
Non-listed equity instrument investments	160,879	260,025
Non-listed debt instruments	63,523	489,210
	305,513	830,346
Less: Current portion	(144,634)	(570,321)
Non-current portion	160,879	260,025

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

25. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Equity instrument investments listed in PRC	469,419	624,898
Equity instrument investments listed in US	102,519	–
Non-listed equity investments	658,954	1,132,733
	1,230,892	1,757,631

As the Group held the above investments not for the purpose of trading, thus the Group designated them as investments at FVTOCI.

The above listed equity instrument investments represent the initial public offer from the above non-listed equity investments. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The Group disposed the equity instrument at FVTOCI of approximately RMB355,871 thousand (2023:RMB578,806 thousand) as the investment no longer meets the investment objective of the Group and the accumulated gain totaling RMB140,478 thousand (2023: RMB161,182 thousand) was reclassified from other comprehensive income to retained earnings.

As at 31 December 2024, the Group's equity instrument at FVTOCI with fair value of approximately RMB96,037 thousand (2023:RMB504,035 thousand) were used as pledge guarantees. Details, please refer to Notes 34 and 44.

26. INVENTORIES

	2024 RMB'000	2023 RMB'000
Commodities in inventory	9,626	121,246
Low-value consumables	43,439	38,268
	53,065	159,514

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27. LOAN RECEIVABLES

	2024 RMB'000	2023 RMB'000
Current	1,818,274	2,255,791
Non-current	243,921	324,064
	2,062,195	2,579,855
Entrusted loans and lending	2,884,555	2,952,103
Less: provision of expected credit loss	(822,360)	(372,248)
	2,062,195	2,579,855

As at 31 December 2024, the material amount of loan receivables are as follow:

	Loan receivables amount RMB'000	Interest rate (%)	Expiry date
Henan Zhongheng Construction Development Co., Ltd. ("Zhongheng") (河南中亨建設開發有限公司) (note a)	47,550	5.23	Overdue
Zhejiang Mingdu Investment Co., Limited ("Mingdu") (浙江名都投資有限公司) (note b)	103,275	5.78	January 2030
Xian Jiahexing Home Furnishing Co., Ltd. ("Jiahexing") (西安佳和興家居有限責任公司) (note c)	277,830	11	December 2025
	315,254		Overdue
Anhui Longtan Real Estate Co., Ltd ("Anhui Longtan") (安徽龍檀置業有限公司) (note d)	235,653	12	Overdue
Tangshan Fikai Property Development Company Limited ("Fikai") (唐山斐凱房地產開發有限公司) (note f)	65,786	4.35	Overdue
Suzhou White Collar Home Plaza ("White Collar") (蘇州市白領家居廣場) (note g)	69,821	5.64	June 2030
Ningbo Kai Chuang Real Estate Company Limited (“Kai Chuang”)(寧波凱創置業有限公司) (note h)	198,429	12	Overdue
	87,000		November/ December 2025

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27. LOAN RECEIVABLES (continued)

As at 31 December 2023, the material amount of loan receivables are as follow:

	Loan receivables amount RMB'000	Interest rate (%)	Expiry date
Henan Zhongheng Construction Development Co., Ltd. ("Zhongheng") (河南中亨建設開發有限公司) (note a)	47,550	5.23	Overdue
Zhejiang Mingdu Investment Co., Limited ("Mingdu") (浙江名都投資有限公司) (note b)	102,242	5.78	January 2030 March/ October 2024/ December 2025
Xian Jiahexing Home Furnishing Co., Ltd. ("Jiahexing") (西安佳和興家居有限責任公司) (note c)	506,239	11	Overdue
Anhui Longtan Real Estate Co., Ltd ("Anhui Longtan") (安徽龍檀置業有限公司) (note d)	230,073	12	Overdue
Hancheng Xinding Real Estate Development Co., Ltd. ("Hancheng") (韓城市鑫鼎房地產開發有限責任公司) (note e)	35,607	9	Overdue
Tangshan Fikai Property Development Company Limited ("Fikai") (唐山斐凱房地產開發有限公司) (note f)	64,024	4.35	Overdue
Suzhou White Collar Home Plaza ("White Collar") (蘇州市白領家居廣場) (note g)	69,123	5.64	June 2030
Ningbo Kai Chuang Real Estate Company Limited ("Kai Chuang") (寧波凱創置業有限公司) (note h)	285,429	12	May 2024

Note:

- (a) As of 31 December 2024 and 2023, the Group's entrusted loan of approximately RMB47,550 thousand to Zhongheng was overdue. The loan was matured on 24 August 2020 and secured by the land of Zhongheng. The management believes that there is no specific impairment risk for this loan. As at 31 December 2024, expected credit loss of approximately RMB14,029 thousand (2023: RMB476 thousand) had been made for this entrusted loan.
- (b) As of 31 December 2024 and 2023, the borrowing granted by the Group to Mingdu had an interest rate of 5.78% (2023: 5.78%) and principal amounting to approximately RMB103,275 thousand (2023: RMB103,275 thousand), with a term of 10 years from September 2020 to January 2030. According to the repayment plan stipulated in the contract, approximately RMB61,965 thousand (2023: RMB75,735 thousand) was accounted as other non-current assets as at the end of the year. As at 31 December 2024, expected credit loss of RMB1,170 thousand (2023: RMB1,033 thousand) had been made for this entrusted loan.

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27. LOAN RECEIVABLES (continued)

Note: (continued)

- (c) As of 31 December 2024, the Company has provided a total of RMB593,084 thousand (2023: RMB506,239 thousand) in principal and interest for funds lent to Jiahexing. Of this amount, RMB315,254 thousand represents overdue loans, while the remaining balance is scheduled to mature in December 2025. These loans originated from a lending agreement signed between the Company and Jiahexing in 2022. After evaluation by the Company's management, it has been determined that there is no significant impairment risk associated with these loans. As of 31 December 2024, the Company has recognized an impairment provision of RMB5,930 thousand (2023: RMB5,526 thousand) for the principal and interest of the funds lent to Jiahexing.
- (d) As at 31 December 2024, the entrusted loan granted by the Group to Anhui Longtan of approximately RMB235,653 thousand (2023: RMB230,073 thousand) was overdue. This loan originated from a loan agreement signed between the Company and Anhui Longtan in 2022, which stipulated that the loan term should not exceed 12 months from the date of grant of the loan. The loan is secured by joint and several guarantees provided by Anhui Longtan's shareholders and their affiliated parties, as well as a pledge of 19% equity in Anhui Longtan held by Lingbi County Hongkai Trading Co., Ltd. Additionally, in December 2024, the Company obtained a mortgage on 103 properties under construction. Based on the management's assessment of the expected recoverable amount of this loan, as at 31 December 2024, expected credit loss of RMB193,653 thousand (2023: RMB2,301 thousand) had been made for this entrusted loan.
- (e) As of 31 December 2023, the Group's entrusted loan of approximately RMB35,607 thousand to Hancheng was overdue. The loan was matured on 30 April 2023 and secured by the certain floors of Hongxin International Plaza (紅鑫國際廣場), 10 years profit of Hongxin International Plaza and trade receivables during the entrusted loan period. The management believes that there is no specific impairment risk for this loan. As at 31 December 2023, expected credit loss of RMB356 thousand had been made for this entrusted loan. This entrusted loan was fully repaid during 2024.
- (f) As of 31 December 2024 and 2023, the Group's entrusted loan of approximately RMB65,786 thousand (2023: RMB64,024 thousand) to Fikai was overdue. The loan was matured on 31 December 2023. The management believes that there is no specific impairment risk for this loan. As at 31 December 2024, expected credit loss of RMB658 thousand (2023: RMB640 thousand) had been made for this entrusted loan.
- (g) As of 31 December 2024 and 2023, the borrowing granted by the Group to White Collar had an interest rate of 4.95% (2023: 5.64%) and principal amounting to approximately RMB69,821 thousand (2023: RMB69,821 thousand), with a term from November 2021 to June 2030. According to the repayment plan stipulated in the contract, approximately RMB69,821 thousand (2023: RMB69,821 thousand) was accounted as non-current assets as at the end of the year. As at 31 December 2024, expected credit loss of RMB698 thousand (2023: RMB698 thousand) had been made for this entrusted loan.
- (h) As of 31 December 2024, the Company has provided a total of RMB285,429 thousand (2023: RMB285,429 thousand) in funds lent to Kai Chuang. Of this amount, RMB198,429 thousand represents overdue principal, while the remaining balance is scheduled to mature in November and December 2025. These loans originated from a lending agreement signed between the Company and Kai Chuang in 2021. After evaluation by the Company's management, it has been determined that there is no significant impairment risk associated with these loans. As of 31 December 2024, the Company has recognized an impairment provision of RMB2,854 thousand for the funds lent to Kai Chuang.

Details of impairment assessment of loan receivables for the years ended 31 December 2024 and 2023 are set out in Note 48 to the consolidated financial statements.

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For the year ended 31 December 2024

28. ACCOUNT RECEIVABLES/NOTE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Account receivables	2,150,467	3,169,493
Less: provision of expected credit loss	(1,565,263)	(1,966,173)
	585,204	1,203,320
Note receivables	14,126	6,176
	599,330	1,209,496

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

	2024 RMB'000	2023 RMB'000
Within 1 year	479,448	738,301
1 to 2 years	292,672	453,273
2 to 3 years	207,154	413,187
Over 3 years	1,171,193	1,564,732
Less: provision of expected credit loss	(1,565,263)	(1,966,173)
	585,204	1,203,320

The Group has not granted any credit period to its customers. Before accepting any new customers, the Group uses past experience to assess the potential customers' credit quality and defines credit limits for the customers. Limits attributed to customers are reviewed regularly.

Details of impairment assessment of account receivables for the years ended 31 December 2024 and 2023 are set out in Note 48 to the consolidated financial statements.

At 31 December 2024 and 2023, all the notes are with a maturity period of less than one year. The Group considers the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as immaterial.

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29. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets

	2024 RMB'000	2023 RMB'000
Construction and design service	1,270,858	1,405,397
The brand consulting and management service for early stage of the project	659,063	837,373
	1,929,921	2,242,770
Less: provision of expected credit loss	(921,287)	(856,027)
	1,008,634	1,386,743

The Group provides construction and design services/the brand consulting and management service for the early stage of the project to customers, and recognises revenue within a period of time, to form contract assets. The contract asset formed an unconditional collection right at the time of settlement and was transferred to receivables.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to account receivables when the rights become unconditional. The Group's service contracts include payment schedules which require stage payments once certain specified milestones are reached.

Details of the impairment assessment are set out in Note 48.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

29. CONTRACT ASSETS/CONTRACT LIABILITIES (continued)

Contract liabilities

	2024 RMB'000	2023 RMB'000
Charges for the brand consulting and management service for the early stage of the project	581,170	703,847
Charges for annual brand consulting and management service for the project	85,766	121,202
Commercial consultation fees and tenant sourcing commissions	140,658	202,607
Construction and design service	108,463	135,455
Marketing service and others	247,477	430,152
	1,163,534	1,593,263
Current	749,289	1,137,850
Non-current	414,245	455,413
	1,163,534	1,593,263

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

When the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

The following table shows how much of the revenue recognised in the current reporting period relates to carried – forward contract liabilities.

	2024 RMB'000	2023 RMB'000
Charges for the brand consulting and management service for the early stage of the project	–	161,186
Charges for annual brand consulting and management service for the project	57,983	64,314
Commercial consultation fees and tenant sourcing commissions	38,917	117,710
Construction and design service	128,695	253,713
Marketing service and others	353,127	673,775
	578,722	1,270,698

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30. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Current portion:		
Prepayment	265,414	291,327
Deposits	64,496	90,896
Interest receivables	173	35,999
Dividends receivables	31,000	31,000
Tax prepaid (note a)	597,603	659,693
Others (note e)	933,850	1,168,708
	1,892,536	2,277,623
Less: provision of expected credit loss / impairment loss	(335,374)	(405,650)
Total current portion	1,557,162	1,871,973
Non-current portion:		
Deposit	115,305	89,305
Lease deposit	65,490	72,290
Prepayments for purchase of properties (note d)	111,151	321,059
Prepayments for acquisition of equity interests	310,605	310,605
Others	118,871	205,294
	721,422	998,553
Less: provision of expected credit loss/impairment loss	(210,509)	(134,308)
	510,913	864,245
Prepayments for construction and advance payment for land compensation	1,447,461	1,416,377
Earning right related to land consolidation (note c)	1,835,868	1,835,868
	3,283,329	3,252,245
Less: impairment losses (note b)	(952,968)	(952,968)
	2,330,361	2,299,277
Total non-current portion	2,841,274	3,163,522

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30. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES (continued)

Note:

- (a) The Group's tax prepaid is mainly VAT to be deducted, which is expected to be deductible within the next year.
- (b) The management of the Group concluded there was indication of impairment and conducted impairment assessment on recoverable amounts of certain prepayments for construction and advance payment and earning right related to land consolidation with carrying amounts (before impairment) of RMB1,447,461 thousand (2023: RMB1,416,377 thousand) and RMB1,835,868 thousand (2023: RMB1,835,868 thousand), respectively. For the year ended 31 December 2024, the Group estimates the recoverable amounts of the individual assets based on the higher of fair value less costs of disposal and value in use. Based on the result of assessments, a provision for impairment of RMB238,489 thousand (2023: RMB238,489 thousand) and RMB714,479 thousand (2023: RMB714,479 thousand) has been recognised against the carrying amounts of certain prepayment for construction and advance payment and earning right related to land consolidation respectively.
- (c) In August 2018, the Group acquired 70% equity interest in Yintai (Yongqing) New City Investment Co., Ltd. (銀泰(永清)新城投資有限公司) at a consideration of RMB1 billion, and acquired an earning right thereof related to land consolidation simultaneously.
- (d) As of 31 December 2024 and 2023, prepayments for purchasing properties were mainly prepayments paid by the Group for the purchase of several commercial properties and office buildings.
- (e) As at 31 December 2024, others included sale proceed collected and paid on behalf of the tenants of approximately RMB180,370 thousand (2023: RMB278,671 thousand).

Details of impairment assessment of deposit and other receivables for the years ended 31 December 2024 and 2023 are set out in Note 48 to the consolidated financial statements.

31. RESTRICTED BANK DEPOSITS

	2024 RMB'000	2023 RMB'000
Deposits pledged for banking facilities	304,969	64,863
Other restricted bank deposits	335,701	379,390
	640,670	444,253

As at 31 December 2024, restricted bank deposits of approximately RMB247,240 thousand (2023: RMB275,655 thousand) was freezed due to litigation, etc.. In the opinion of the directors of the Company, such litigations will not have a material adverse effect on the Group's financial position or cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. BANK BALANCES AND CASH

	2024 RMB'000	2023 RMB'000
Cash	5,931	27,202
Bank deposits with original maturity within three months or less	3,105,902	2,479,598
Cash and cash equivalents	3,111,833	2,506,800
Bank deposits with original maturity over three months and within one year	42,153	23,000
Bank balances and cash	3,153,986	2,529,800

Bank balances and cash of the Group comprise cash and short-term bank deposits. The bank deposits with original maturity within three months or less carry interest at the quoted call deposit interest rate which is 0.1% per annum as at 31 December 2024 (2023: 0.2% per annum).

Bank deposits with original maturity over three months carry fixed interest rates range from 1.0% to 2.8% per annum as at 31 December 2024 (2023: 1.55% to 3.9% per annum).

Bank balances and cash as at 31 December 2024 and 2023 were mainly denominated in RMB which is not a freely convertible currency in the international market. At the end of the reporting period, the bank balances and cash of the Group not denominated in Renminbi amounted to RMB4,842 thousand (2023: RMB4,324 thousand). The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

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33. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables (note a)	1,402,974	2,054,926
Bills payables (note b)	309,173	13,552
Advance from tenants	535,756	905,877
Deposit received from tenants	2,765,296	3,063,003
Amounts due to Xiamen C&D (note c)	8,677,442	–
Amounts due to partners (note d)	2,425,886	3,396,591
Amounts payable for property purchases	218,027	192,910
Amounts payable to construction contractors	275,053	329,862
Payroll payable	471,198	455,238
Other tax payable	401,167	556,874
Others (note e)	1,782,767	1,735,713
	19,264,739	12,704,546
Less: Current portion	(18,791,802)	(12,194,197)
Non-current portion (note c)	472,937	510,349

Note:

- (a) An aging analysis of the trade payables based on invoice date as at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	437,320	1,139,438
1 to 2 years	492,452	503,801
2 to 3 years	236,228	266,271
Over 3 years	236,974	145,416
	1,402,974	2,054,926

- (b) These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.
- (c) Amounts due to Xiamen C&D included dividend payables of RMB83,437 thousand, loan of RMB8,426,612 thousand and interest payables of RMB167,393 thousand. The loan is interest bearing at 3% to 4% and is repayable within 3 months from the drawdown date.
- (d) Amounts due to partners included the borrowings provided by the minority shareholders of certain subsidiaries of the Group, and shall be repaid by agreements after the completion of relevant cooperation projects and existing surplus or be repaid on demands after one year. Therefore, such amounts of approximately RMB472,937 thousand (2023:RMB510,349 thousand) shall be recognised as non-current portion payables.
- (e) Others mainly represent the interest payables and accrued expense of approximately RMB82,958 thousand and RMB386,483 thousand respectively (2023: RMB103,114 thousand and RMB332,794 thousand respectively).

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34. BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank and other borrowings:		
Secured (note a)	23,594,412	26,074,003
Unsecured (note a)	67,185	3,431,749
Commercial mortgage-backed securities (note b)	3,601,956	3,184,527
	27,263,553	32,690,279
Less: Current portion	(6,016,153)	(12,976,625)
Non-current portion	21,247,400	19,713,654
Fixed-rate borrowings	13,680,480	16,269,128
Floating-rate borrowings	13,583,073	16,421,151
	27,263,553	32,690,279
The borrowings are repayable:		
Within one year or on demand	6,016,153	12,976,625
More than one year but not exceeding two years	6,705,318	3,898,734
More than two years but not exceeding five years	9,181,876	9,015,530
More than five years	5,360,206	6,799,390
	27,263,553	32,690,279
Less: Amount due within one year shown under current liabilities	(6,016,153)	(12,976,625)
Amount due after one year	21,247,400	19,713,654

Note:

- (a) As at 31 December 2024 and 2023, no single borrowing is individually material, and terms and conditions of all borrowings are presented by appropriate groupings.
- (b) On 25 January 2024, the Company issued an asset-backed security for home furnishing malls, titled the "Red Star Macalline Shanghai Global Home Furnishing Store No. 1 South Pavilion Asset-Backed Special Plan". This special plan is secured by the property rights of the home furnishing mall located at 1058 and 1108 Zhenbei Road, 558, 558-2, 558 – 3, and 598 Nujiang Road, as well as the land use rights within the occupied area. The special plan consists of senior and subordinated tranches. The senior tranche has an issuance size of RMB3.64 billion, with an annual yield of 4.2% and a maturity period of 17.85 years. Principal and interest are repaid quarterly on a fixed schedule. The subordinated tranche has an issuance size of RMB0.01 billion, with no fixed yield. It is entitled to excess returns and has a maturity period of 17.85 years, with a lump-sum repayment of principal at maturity. The principal repayment plan for the first year, amounting to RMB58,240 thousand, has been reclassified to current liabilities.

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34. BANK AND OTHER BORROWINGS (continued)

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

	2024 %	2023 %
Bank and other borrowings:		
Fixed rate bank and other borrowings	3.10 – 10.00	3.80-15.40
Floating rate bank and other borrowings	3.55-6.80	4.25-8.00

The floating rate is based on the loan market quoted interest rate published by the People's Bank of China.

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

35. BONDS

	2024 RMB'000	2023 RMB'000
<i>USD Bonds:</i>		
USD Bonds of 2022 (3-year)	1,820,574	1,786,370
	1,820,574	1,786,370
Less: – Principal amount of bonds due within one year	(1,790,841)	–
– Interest of bonds due within one year	(29,733)	(27,858)
Non-current portion of bonds	–	1,758,512

Note:

- (a) During the year ended 31 December 2024, the Group issued United States dollars-denominated bonds totaling US\$249.7 million with fixed interest rate, at a coupon rate of 5.20%. The bond is matured in 3 years on 26 August 2025, and interest shall be paid semi-annually. The bond is pledged by certain properties, future income from certain shopping malls and equity shares of some subsidiaries.

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35. BONDS (continued)

The movements of the Bonds are set out below:

	2024 RMB'000	2023 RMB'000
As at 1 January	1,786,370	2,312,488
Issuance of USD Bonds of 2022 of Hong Kong Red Star Macalline (3-year)	–	(35,112)
Redemption of Medium-term notes of 2020 (First tranche)	–	(500,000)
Redemption of Bonds Public offering of Corporate Bonds of 2019 (First tranche) (Type 2)	–	(829)
Redemption of Bonds Public offering of Corporate Bonds of 2020 (First tranche)	–	(30,000)
Interests and issue cost amortised	100,324	96,173
Interest paid during the year	(92,513)	(85,839)
Exchange difference	26,393	29,489
As at 31 December	1,820,574	1,786,370

36. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Lease liabilities payable:		
Within one year	601,377	954,445
Within a period of more than one year but not exceeding two years	216,924	530,304
Within a period of more than two years but not exceeding five years	436,788	1,021,140
More than five years	970,571	1,270,935
	2,225,660	3,776,824
Less: Amount due for settlement with 12 months shown under current liabilities	(601,377)	(954,445)
Amount due for settlement after 12 months shown under non-current liabilities	1,624,283	2,822,379

The weighted average incremental borrowing rates applied to lease liabilities range from 4.2% to 6.24% (2023: from 4.65% to 6.6%).

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37. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grant	160,612	166,123
VAT additional deduction (note)	–	43,923
	160,612	210,046

The movement of deferred income was as follow:

	2024 RMB'000	2023 RMB'000
As at 1 January	210,046	218,121
Received during the year	633	15,727
Credit to profit or loss	(50,067)	(23,802)
As at 31 December	160,612	210,046

Note:

VAT additional deduction means that each single entity does not have enough output tax to be deducted, and the corresponding 10% additional deduction of VAT input tax is recognised as deferred income. The deferred income can be used from 1 April 2020 to 31 December 2025.

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38. OTHER NON-CURRENT LIABILITIES

	2024 RMB'000	2023 RMB'000
One-off discount received on pre-purchase of property service for 20 years (note a)	778,600	851,878
Others (note b)	–	165,113
Less: Current portion	(72,908)	(73,277)
	705,692	943,714

Note:

- (a) The Group entered into the agreement with CIFI Ever Sunshine (Hainan) Investment Company Limited (旭輝永升(海南)投資有限公司) (hereinafter referred to as "CIFI Ever Sunshine") in 2022 to agree that the property services of the Group's 71 Portfolio Shopping Malls in the next 20 years will be provided by Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司), a subsidiary of CIFI Ever Sunshine, and a discount will be charged. The discount shall be apportioned during the subsequent period of receiving property services to offset the cost of property services. As of 31 December 2024, the unamortised balance totaled RMB778,600 thousand (2023: RMB851,878 thousand), of which RMB72,908 thousand (2023: RMB73,277 thousand) will be amortised in the next financial year.
- (b) The Group signed an agreement with Beijing Hongjing Parking Management Co., Ltd. 北京鴻景泊興停車管理有限公司 (hereinafter referred to as "Beijing Hongjing") during the year ended 31 December 2022, stipulating that Beijing Hongjing will obtain the long-term lease rights or income rights of the parking lots of 36 self-operated shopping malls of the Group for the next 6 years. The transaction consideration is RMB312,846 thousand, as at 31 December 2023, of which RMB165,113 thousand is included in non-current liabilities.

The Group is currently negotiating the early termination of the agreement with Beijing Hongjing.

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39. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets

	Provision for impairment of assets <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Assets- related deferred income <i>RMB'000</i>	One-off discount account charged for early purchase of 20-year property service <i>RMB'000</i>	Long-term assets capitalised in Group's internal transaction <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	870,614	1,310,769	42,993	231,382	94,984	609,036	3,159,778
Disposal of subsidiaries	–	–	–	–	–	(3,444)	(3,444)
(Charged)/credit to profit or loss	398,633	(20,270)	(1,462)	(18,413)	(20,854)	(192,442)	145,192
Charged to other comprehensive income	–	(50,989)	–	–	–	–	(50,989)
As at 31 December 2023 and 1 January 2024	1,269,247	1,239,510	41,531	212,969	74,130	413,150	3,250,537
(Charged)/credit to profit or loss	162,583	409,709	(1,378)	(18,319)	6,012	193,694	752,301
Charged to other comprehensive income	–	(4,295)	–	–	–	–	(4,295)
As at 31 December 2024	1,431,830	1,644,924	40,153	194,650	80,142	606,844	3,998,543

Deferred tax liabilities

	Change in fair value of investment properties <i>RMB'000</i>	Change in fair value of other equity instrument <i>RMB'000</i>	Adjustment to the fair value arising from business combination <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	13,044,515	269,643	473,920	364,430	14,152,508
(Credit)/charge to profit or loss	158,977	–	–	(65,038)	93,939
Credit to other comprehensive income	–	(90,668)	–	–	(90,668)
Transfer to tax payables upon disposal of investments	–	(13,282)	–	–	(13,282)
As at 31 December 2023 and 1 January 2024	13,203,492	165,693	473,920	299,392	14,142,497
Credit to profit or loss	(23,800)	–	–	(154,758)	(178,558)
Credit to other comprehensive income	–	(46,495)	–	–	(46,495)
Transfer to tax payables upon disposal of investments	–	(53,532)	–	–	(53,532)
As at 31 December 2024	13,179,692	65,666	473,920	144,634	13,863,912

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39. DEFERRED TAX ASSETS/LIABILITIES (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	3,909,149	3,145,906
Deferred tax liabilities	(13,774,518)	(14,037,866)
	(9,865,369)	(10,891,960)

No deferred taxation asset has been recognised in respect of the following unutilised tax losses and deductible temporary differences due to the unpredictability of future profit streams.

	2024 RMB'000	2023 RMB'000
Unutilised tax losses	7,599,631	7,992,028

At the end of the reporting period, the Group has unused tax losses of approximately RMB14,266,946 thousand (2023: RMB13,028,957 thousand) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB6,667,315 thousand (2023: RMB5,036,929 thousand) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB7,599,631 thousand (2023: RMB7,992,027 thousand) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB7,599,631 thousand (2023: RMB7,992,027 thousand) with expiry dates as disclosed in the following table.

	2024 RMB'000	2023 RMB'000
To be expired on:		
31 December 2024	–	1,309,490
31 December 2025	1,248,939	1,290,960
31 December 2026	1,141,354	1,254,745
31 December 2027	1,660,605	1,715,225
31 December 2028	1,468,336	2,421,607
31 December 2029	2,080,397	–
	7,599,631	7,992,027

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40.SHARE CAPITAL

The movements to the Company's issued share capital during the years ended 31 December 2024 and 2023 are as follows:

	Number of shares H Shares '000	Number of shares A Shares '000	Share capital RMB'000
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	741,286	3,613,447	4,354,733

All shares issued are of par value RMB1.

41.NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of Establishment and principal place of business	Proportion of equity interest held by non – controlling interest		(Loss)/profit allocated to non-controlling interest		Accumulated non – controlling interest	
		Year end December 31		Year ended December 31		Year ended December 31	
		2024 %	2023 %	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Zhengzhou Red Star Macalline International Home Furnishing Company Limited ("Zhengzhou Red Star") (鄭州紅星美凱龍國際家居有限公司) ("鄭州紅星")	PRC	39.69%	39.69%	13,631	(18,044)	1,150,303	1,153,122
Yintai (Yongqing) New City Investment Co., Ltd ("Yintai New City Investment") (銀泰(永清)新城投資有限公司) ("銀泰新城投資")	PRC	30.00%	30.00%	(508)	(2,304)	326,583	327,091
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited ("Suzhou Red Star") (蘇州工業園區紅星美凱龍家居有限公司) ("蘇州紅星")	PRC	45.00%	45.00%	(2,947)	84,748	631,299	634,246
Individual immaterial subsidiaries with non-controlling interests				(245,977)	(222,105)	998,116	1,196,282
				(235,801)	(157,705)	3,106,301	3,310,741

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. NON-CONTROLLING INTERESTS (continued)

Zhengzhou Red Star

	2024 RMB'000	2023 RMB'000
Current assets	673,523	741,217
Non-current assets	3,953,661	4,066,655
Current liabilities	97,205	138,392
Non-current liabilities	1,446,253	1,570,462
Equity attributable to owners of the Company	1,933,423	1,945,896
Non-controlling interests	1,150,303	1,153,122

	2024 RMB'000	2023 RMB'000
Revenue	198,833	289,210
Expenses	(164,490)	(334,672)
Profit/(loss) and total comprehensive income/(loss)	34,343	(45,462)
Profit/(loss) and total comprehensive income/(loss) attributable to owners of the Company	20,712	(27,418)
Profit/(loss) and total comprehensive income/(loss) attributable to the non-controlling interests	13,631	(18,044)
	34,343	(45,462)
Dividends paid to non-controlling interests	16,450	–
Net cash inflow from operating activities	96,100	173,618
Net cash outflow from investing activities	(482)	(683)
Net cash outflow from financing activities	(25,846)	(163,539)
Net cash inflow	69,772	9,396

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. NON-CONTROLLING INTERESTS (continued)

Yintai New City Investment

	2024 RMB'000	2023 RMB'000
Current assets	280,043	276,700
Non-current assets	2,257,829	2,218,291
Current liabilities	1,034,430	989,857
Non-current liabilities	386,002	386,002
Equity attributable to owners of the Company	790,857	792,041
Non-controlling interests	326,583	327,091
	2024 RMB'000	2023 RMB'000
Revenue	–	–
Expenses	(1,692)	(227,429)
Profit and total comprehensive income	(1,692)	(227,429)
Loss and total comprehensive loss attributable to owners of the Company	(1,184)	(225,125)
Loss and total comprehensive loss attributable to the non-controlling interests	(508)	(2,304)
	(1,692)	(227,429)
Dividends paid to non-controlling interests	–	–
Net cash inflow from operating activities	(2,990)	4,063
Net cash outflow from investing activities	(25)	–
Net cash inflow from financing activities	3,105	–
Net cash outflow	90	4,063

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

41. NON-CONTROLLING INTERESTS (continued)

Suzhou Red Star

	2024 RMB'000	2023 RMB'000
Current assets	421,906	487,504
Non-current assets	1,949,432	2,009,255
Current liabilities	73,614	129,986
Non-current liabilities	820,039	882,538
Equity attributable to owners of the Company	846,386	849,989
Non-controlling interests	631,299	634,246
	2024 RMB'000	2023 RMB'000
Revenue	100,380	145,360
Expenses	(106,930)	42,969
Profit and total comprehensive income	(6,550)	188,329
Profit and total comprehensive income attributable to owners of the Company	(3,603)	103,581
Profit and total comprehensive income attributable to the non-controlling interests	(2,947)	84,748
	(6,550)	188,329
Dividends paid to non-controlling interests	–	–
Net cash inflow from operating activities	50,470	2,942
Net cash outflow from investing activities	(1,402)	(326)
Net cash outflow from financing activities	(44,910)	(77,406)
Net cash outflow	4,158	(74,790)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

42. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the group entities in the PRC are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The group entities in the PRC contribute funds which are calculated on a certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. The total cost charged to profit or loss for the years ended 31 December 2024 amounted to RMB188,343 thousand (2023: RMB217,335 thousand) represent contributions paid or payable to the scheme by the Group.

43. PURCHASE ADDITIONAL INTERESTS IN SUBSIDIARIES

In February 2024, the Group's subsidiary, Longzhihui (Shanghai) Facility Management Service Company Limited (龍之惠(上海)設施管理服務有限公司) ("Longzhihui (Shanghai)"), acquired a 40% equity interest in Longzhihui (Changzhou) Facility Management Services Company Limited (龍之惠(常州)設施管理科技有限公司) ("Longzhihui (Changzhou)") held by Liu Xiehua and Yang Xiaodong for RMB0. Following the acquisition, the Group's ownership interest in Longzhihui (Changzhou) increased from 35% to 59%, resulting in an increase of RMB296 thousand in capital reserve.

In September 2024, the Company's subsidiary, Shanghai Xingkai Chengpeng Business Management Company Limited, acquired a 21% equity interest in Longzhihui (Shanghai) held by Shanghai Liaokai Enterprise Management Consulting Service Center (Limited Partnership) for RMB1,666 thousand, and a 20% equity interest held by Shanghai Liaoman Enterprise Management Consulting Service Center (Limited Partnership) for RMB1,586 thousand. Following the acquisition, the Group's ownership interest in Longzhihui (Shanghai) increased from 59% to 100%, resulting in a decrease of RMB248 thousand in capital reserve, while its ownership interest in Longzhihui (Changzhou) increased from 59% to 100%, resulting in an increase of RMB1,552 thousand in capital reserve.

	Longzhihui (Changzhou) RMB'000	Longzhihui (Shanghai) RMB'000	Total RMB'000
Consideration	–	3,252	3,252
Increase in share of net assets at date of acquisition	1,848	3,004	4,852
	(1,848)	248	(1,600)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

44. PLEDGED OF ASSETS AND REVENUE

Pledge of assets

The following assets were pledged/restricted to secure certain bank and other borrowings and bonds at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Investment properties	80,746,200	85,231,000
Equity instrument at FVTOCI	96,037	504,035
Property, plant and equipment	2,409,393	2,522,396
Interests in joint ventures	161,603	161,468
Restricted bank deposits	640,670	444,253
	84,053,903	88,863,152

Pledge of revenue

The revenue from Harbin West Railway Station Shopping Mall, Jinshan Hangzhou Bay Shopping Mall, Beijing East Fourth Ring Mall, Nanjing Mingdu Shopping Mall, Nanjing Pukou Shopping Mall, Ningbo Red Star Macalline Shopping Mall, Chongqing Ogloria Shopping Mall, Shanghai Jinqiao Shopping Mall, Shanghai Pujiang Shopping Mall, Shanghai Wuzhong Road Shopping Mall, Shanghai Zhenbei Shopping Mall, Tianjin Hedong Shopping Mall, Zhengzhou Red Star Shopping Mall No. 1, Zhongshan World Expo Shopping Mall, Jinan Red Star Shopping Mall, Beijing West Fourth Ring Shopping Mall, Wuhan World Expo Shopping Mall, Hangzhou Gudun Shopping Mall, Shanghai Baoshan Shopping Mall and Xiamen Red Star Commercial Management during relevant loan periods was used for loan pledge. The revenue from Wuxi Red Star Mall and Xinwei Property Shopping Mall during relevant periods was used for CMBS pledge. The revenue from Hohhot Shopping Mall during the relevant loan periods was used for financial leasing borrowing pledge. The revenue from Beijing North Fourth Ring Shopping Mall during the relevant loan periods was used for bond pledge as set out in Note 35.

45. COMMITMENTS

	2024 RMB'000	2023 RMB'000
Contracted but not provided for in the consolidated financial statements:		
Capital expenditure in respect of acquisition and construction of investment properties contracted for but not provided in the consolidated financial statements	724,752	1,151,337
Investment commitments	233,115	353,688
	957,867	1,505,025

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

46. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the investment properties held by the Group for rental purposes have committed lessees for the next 15 years. For those lease contracts with extension options, all of them contain market review clauses in the event that the lessee exercises its option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

Undiscounted lease payments receivable on leases are as follows:

	2024 RMB'000	2023 RMB'000
With one year	2,351,357	2,871,591
After one year but within two years	222,396	129,204
After two years but with three years	91,379	64,376
After two years but with four years	26,958	60,583
After two years but with five years	14,165	15,727
After five years	43,522	26,220
Total	2,749,777	3,167,701

47. CAPITAL RISK MANAGEMENT

The key objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not constrained by any external mandatory requirements on capital. In 2024 and 2023, there was no change in the Group's capital management objectives, policies or procedures.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. CAPITAL RISK MANAGEMENT (continued)

The Group manages its capital with the gearing ratio, which refers to net liabilities divided by the equity and net liabilities. Net liabilities include bank and other borrowings, notes payable, bonds payable, lease liabilities and other liabilities (net of cash and cash equivalents), and the equity of the Group. The gearing ratio of the Group as of the balance sheet date is as follows:

	2024 RMB'000	2023 RMB'000
Bank and other borrowings	27,263,553	32,690,279
Bills payables	309,173	13,552
Lease liabilities	2,225,660	3,776,824
Bonds	1,790,841	1,758,512
Others liabilities	861,558	954,992
	32,450,785	39,194,159
Less: cash and cash equivalents	(3,111,833)	(2,506,800)
Net liabilities	29,338,952	36,687,359
Equity	51,304,551	55,143,135
Capital and net liabilities	80,643,503	92,178,789
Gearing ratio	36%	40%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. FINANCIAL INSTRUMENTS

Categories of Financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial instruments at FVTPL	305,513	830,346
Financial instrument at FVTOCI	1,230,892	1,757,631
Note receivables at FVTOCI	11,765	–
Measured at amortised cost:		
Bank balance and cash	3,153,986	2,529,800
Restricted bank deposits	640,670	444,253
Account receivables	585,204	1,203,320
Note receivables	2,361	6,176
Deposits and other receivables	1,205,055	1,401,237
Loan receivables	2,062,195	2,579,855
	9,197,641	10,752,618
Financial liabilities		
Measured at amortised cost:		
Trade and other payables	18,863,571	11,814,876
Bank and other borrowings	27,263,553	32,690,279
Bonds	1,790,841	1,758,512
Lease liabilities	2,225,660	3,776,824
Other non-current liabilities	778,600	851,878
	50,922,225	50,892,369

Financial Risk Management Objectives and Policies

The Group's major financial instruments include financial instruments at FVTPL, financial instruments at FVTOCI, bank balance and cash, restricted bank deposits, account receivables, note receivables, deposits and other receivables, loan receivables, account payables, other payables, bank and other borrowings, lease liabilities, bonds and other non-current liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to debt instruments and bank deposits, restricted bank deposits, account receivables, note receivables, contract assets, deposits and other receivables, loan receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The maximum credit risk exposure faced by the Group on each balance sheet date is the total amount collected from customers minus the impairment allowance.

As the customers whose accounts are receivable by the Group are engaged in different departments and sectors, there is no significant credit concentration risk for the Group. The Group held no collateral or other credit enhancement on the balance of accounts receivable.

Criteria for judging significant increases in credit risk

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition at each balance sheet date. While determining whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group, external credit risk rating and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the default risk of financial instruments on the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

- Quantitative criteria mainly comprise the circumstance that at the reporting date, the increase in remaining lifetime probability of default is considered significant comparing with the one at initial recognition;
- Qualitative criteria mainly comprise significant adverse change in debtor's operation or financial status, and being listed on the watch-list etc.;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Definition of credit-impaired assets

The standard adopted by the Group to determine whether a credit impairment occurs is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- significant financial difficulty of the issuer or the debtor;
- the debtor breached the contract, such as default or overdue payment of interest or principal;
- the creditor, for economic or contractual reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulty of the issuer or the debtor;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily caused by a single event.

Parameters of expected credit loss (ECL) measurement

According to whether there is a significant increase in credit risk and whether there is a credit impairment, the Group measures the impairment losses for different assets with ECL of 12 months or the entire lifetime respectively. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

Relevant definitions are as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the mobility model, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;

48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Parameters of expected credit loss (ECL) measurement (continued)

- EAD is the amount that the Group should be reimbursed at the time of default in the next 12 months or throughout the entire remaining lifetime.

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various types of businesses.

Account receivables and contract assets arising from contracts with customers

The Group only conducts transactions with accredited and reputable third parties. According to the Group's policies, all the customers who require credit-based transactions are subject to credit audit. Moreover, the Group keeps monitoring the balances of accounts receivable to ensure it will not face material bad debt risks. The Group only accepts notes issued or guaranteed by reputable PRC banks if account receivables are settled by notes and therefore the management of the Group considers the credit risk arising from the endorsed or discounted notes is insignificant. Regarding transactions not settled in the recording currency of the relevant operating entities, the Group will not provide any credit transaction conditions, save as otherwise approved by the credit control department of the Group.

The Group has concentration of credit risk as 3% (2023: 8%) and 10% (2023: 12%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively and 10% (2023: 15%) and 28% (2023: 36%) of the total contract assets was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on account receivables and contract assets with credit-impaired individually. Except for items that are subject to individual evaluation, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all account receivables and contract assets. To measure the expected credit losses, account receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. Management makes periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

Loan receivables

The management estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as based on historical settlement records, past experience, the fair value of the collateral pledged, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Based on assessment by the management, the loss rate is 28.51% (2023: 12.61%) and provision of expected credit loss on loan receivables during the year ended 31 December 2024 was approximately RMB471,356 thousand (2023: RMB220,205 thousand).

Notes to the Consolidated Financial Statements

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48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Restricted bank deposits and bank deposits

Credit risk on restricted bank deposits and bank deposits is limited because the counterparties are reputable banks with high credit. The Group assessed 12m ECL for restricted bank deposits and bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits and bank deposits is considered to be insignificant and therefore no loss allowance was recognised/to specify the amount of impairment made.

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Based on assessment by the management, the loss rate is 31.18% (2023: 27.82%) and provision of expected credit loss on other receivables and deposits during the year ended 31 December 2024 was approximately RMB91,105 thousand (2023: RMB202,696 thousand).

Provision matrix – debtors' ageing on account receivables and contract assets

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its portfolio because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for account receivables and contract assets which are assessed on a collective basis by using a provision matrix within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of RMB803,128 thousand as at 31 December 2024 (2023: RMB1,168,297 thousand) were assessed individually.

	Gross amount		Provision of ECL	
	RMB'000	%	RMB'000	%
As at 31 December 2024				
Accounts receivable for which provision for ECL is assessed individually	803,128	37.35	802,662	99.94
Accounts receivables for which provision for ECL is assessed by portfolio of credit risk characteristics	1,347,339	62.65	762,601	56.60
As at 31 December 2023				
Accounts receivable for which provision for ECL is assessed individually	1,168,297	36.86	1,166,732	99.87
Accounts receivables for which provision for ECL is assessed by portfolio of credit risk characteristics	2,001,196	63.14	799,441	39.95

Notes to the Consolidated Financial Statements

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48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing on account receivables and contract assets (continued)

Portfolio 1: Brand consulting and management services for the early stage of project:

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2024			
Within 1 year	11,500	30.83	3,545
1 to 2 years	20,900	46.19	9,654
2 to 3 years	4,000	57.38	2,295
3 to 4 years	16,267	63.12	10,268
4 to 5 years	68,642	78.69	54,015
5 to 6 years	56,824	90.50	51,427
Over 6 years	210,523	100.00	210,521
	388,656	87.92	341,725

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2023			
Within 1 year	27,682	19.12	5,294
1 to 2 years	8,500	28.94	2,460
2 to 3 years	51,217	36.78	18,840
3 to 4 years	87,076	43.26	37,672
4 to 5 years	136,748	64.89	88,742
5 to 6 years	117,366	72.52	85,119
Over 6 years	178,899	100.00	178,899
	607,488	68.65	417,026

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing on account receivables and contract assets (continued)

Portfolio 2: Construction and design services

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2024			
Within 1 year	111,795	11.86	13,259
1 to 2 years	54,104	34.59	18,714
2 to 3 years	64,144	61.13	39,211
Over 3 years	159,769	100.00	159,769
	389,812	59.25	230,953
As at 31 December 2023			
Within 1 year	133,102	5.56	7,403
1 to 2 years	126,898	21.69	27,524
2 to 3 years	168,303	40.55	68,239
Over 3 years	41,901	100.00	41,901
	470,204	30.85	145,067

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing on account receivables and contract assets (continued)

Portfolio 3: Other consulting services

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2024			
Within 1 year	83,502	41.97	35,046
1 to 2 years	58,935	58.39	34,412
2 to 3 years	25,370	84.76	21,504
Over 3 years	51,287	100.00	51,287
	219,094	64.93	142,249

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2023			
Within 1 year	114,242	26.04	29,753
1 to 2 years	75,861	44.55	33,794
2 to 3 years	63,883	70.03	44,740
Over 3 years	80,548	100.00	80,548
	334,534	56.45	188,835

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing on account receivables and contract assets (continued)

Portfolio 4: Rental and related income

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2024 Rental and related income	248,334	17.36	43,109
As at 31 December 2023 Rental and related income	433,492	9.58	41,516

Portfolio 5: Others

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2024 Others	101,443	4.50	4,565
As at 31 December 2023 Others	155,478	4.50	6,997

As at 31 December 2024, certain trade receivables with a gross amount of RMB1,257,214 thousand (2023: RMB1,485,310 thousand) have been fully impaired as they are not expected to be recoverable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Contract assets

	Gross amount RMB'000	Expected Credit loss rate %	Lifetime expected credit loss RMB'000
As at 31 December 2024			
Construction and design	1,270,858	34.14	433,881
The brand consulting and management service for the early stage of the project	659,063	73.95	487,406
	1,929,921	47.74	921,287
As at 31 December 2023			
Construction and design	1,405,397	26.53	372,833
The brand consulting and management service for the early stage of the project	837,373	57.70	483,194
	2,242,770	38.17	856,027

Internal credit risk grading categories

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Account receivables	Loan receivables	Deposit and other receivables
Stage 1	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL - not credit-impaired	12-month	12-month ECL
Stage 2	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL not credit-impaired	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Stage 3	There is evidence indicating the asset is credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired	Lifetime ECL credit-impaired
Written-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off	Amount is written-off

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For the year ended 31 December 2024

48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024 and 2023:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000	Allowance ECL RMB'000	Loss rate %
As at 31 December 2024							
Account receivables	–	–	803,128	1,347,339	2,150,467	1,565,263	72.79
Note receivables	2,361	–	–	–	2,361	–	–
Loan receivables	1,304,271	151,745	1,428,539	–	2,884,555	822,360	28.51
Deposit and other receivables	1,251,615	37,077	462,246	–	1,750,938	545,883	31.18
Restricted bank deposits	640,670	–	–	–	640,670	–	–
Bank balances and cash	3,153,986	–	–	–	3,153,986	–	–
	6,352,903	188,822	2,693,913	1,347,339	10,582,977	2,933,506	27.72
As at 31 December 2023							
Account receivables	–	–	1,168,297	2,001,196	3,169,493	1,966,173	62.03
Note receivables	6,176	–	–	–	6,176	–	–
Loan receivables	1,334,433	1,035,974	64,960	516,736	2,952,103	372,248	12.61
Deposit and other receivables	1,720,362	54,077	166,756	–	1,941,195	539,958	27.82
Restricted bank deposits	444,253	–	–	–	444,253	–	–
Bank balances and cash	2,529,800	–	–	–	2,529,800	–	–
	6,035,024	1,090,051	1,400,013	2,517,932	11,043,020	2,878,379	26.07

48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Maximum exposure and year-end staging (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2023	801,567	820,351	1,621,918
Impairment losses recognised	(2,126)	419,740	417,614
Write-offs	–	(73,359)	(73,359)
As at 31 December 2023 and 1 January 2024	799,441	1,166,732	1,966,173
Impairment losses recognised	(36,839)	404,540	367,701
Write-offs	–	(768,611)	(768,611)
As at 31 December 2024	762,602	802,661	1,565,263

The following table shows the movement in lifetime ECL that has been recognised for loan receivables under the simplified approach.

	12-month ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	26,184	–	127,505	153,689
Impairment losses recognised	(2,270)	893	221,582	220,205
Write-offs	(249)	–	(1,397)	(1,646)
Transfer to lifetime ECL (not credit-impaired)	(9,466)	9,466	–	–
As at 31 December 2023 and 1 January 2024	14,199	10,359	347,690	372,248
Impairment losses recognised	(1,464)	(79)	472,899	471,356
Write-offs	–	–	(21,244)	(21,244)
Transfer to lifetime ECL (not credit-impaired)	(7,047)	7,047	–	–
Transfer to lifetime ECL (credit-impaired)	(747)	(8,425)	9,172	–
As at 31 December 2024	4,941	8,902	808,517	822,360

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48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Maximum exposure and year-end staging (continued)

The following table shows the movement in lifetime ECL that has been recognised for other receivables under the simplified approach.

	12-month ECL RMB'000	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	217,894	553	155,493	373,940
Impairment losses recognised	24,871	8,318	169,507	202,696
Write-offs	(2,283)	–	(34,395)	(36,678)
Transfer to credit-impaired	(17)	–	17	–
As at 31 December 2023	240,465	8,871	290,622	539,958
Impairment losses recognised	3,427	–	87,678	91,105
Write-offs	–	–	(85,180)	(85,180)
As at 31 December 2024	243,892	8,871	293,120	545,883

The following table shows the movement in lifetime ECL that has been recognised for contract assets under the simplified approach.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	63,245	329,725	392,970
Impairment losses recognised	107,378	355,679	463,057
As at 31 December 2023 and 1 January 2024	170,623	685,404	856,027
Impairment losses recognised	31,207	143,489	174,696
Write-offs	–	(109,436)	(109,436)
As at 31 December 2024	201,830	719,457	921,287

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48. FINANCIAL INSTRUMENTS (continued)

Credit risk and impairment assessment (continued)

Maximum exposure and year-end staging (continued)

The closing loss allowances for including account receivables, contract assets, loan receivables and deposits and other receivables as at 31 December 2024 and 2023 reconcile to the opening loss allowances as follows:

	Account receivables <i>RMB'000</i>	Contract assets <i>RMB'000</i>	Loan receivables <i>RMB'000</i>	Deposit and other receivables <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	1,621,918	392,970	153,689	373,940	2,542,517
Allowance for ECL recognised in profit or loss during the year, net	417,613	463,057	220,205	202,696	1,303,571
Written-off during the year	(73,358)	–	(1,646)	(36,678)	(111,682)
As at 31 December 2023 and 1 January 2024	1,966,173	856,027	372,248	539,958	3,734,406
Allowance for ECL recognised in profit or loss during the year, net	367,701	174,696	471,356	91,105	1,104,858
Written-off during the year	(768,611)	(109,436)	(21,244)	(85,180)	(984,471)
As at 31 December 2024	1,565,263	921,287	822,360	545,883	3,854,793

Liquidity risk

The Group manages its risk to deficiency of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and the projected flows from the Group's operations.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of bank borrowings, bonds and other interest-bearing borrowings and other financing methods. 57.26% (2023: 56.32%) of the Group's debts would mature in less than one year or on demand as at 31 December 2024.

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48. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

As at 31 December 2024

	Weighted average interest rate %	On demand or less than one year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cashflows RMB'000	Carrying amount RMB'000
Trade and other payables	3.59	17,957,715	92,216	131,564	538,707	18,720,202	18,863,571
Bank and other borrowings	4.93	9,962,549	6,738,732	8,798,750	5,691,061	31,191,092	27,263,553
Bonds	5.20	1,790,841	–	–	–	1,790,841	1,790,841
Lease liabilities	4.53	518,026	288,450	612,173	1,350,007	2,768,656	2,225,660
		30,229,131	7,119,398	9,542,487	7,579,775	54,470,791	50,143,625

As at 31 December 2023

	Weighted average interest rate %	On demand or less than one year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cashflows RMB'000	Carrying amount RMB'000
Trade and other payables	8.42	11,182,084	113,039	189,280	640,863	12,125,266	11,814,876
Bank and other borrowings	5.90	15,944,293	4,439,163	10,158,246	7,029,837	37,571,539	32,690,279
Bonds	5.20	92,892	1,879,261	–	–	1,872,153	1,758,512
Lease liabilities	5.02	963,431	575,006	1,220,649	2,021,897	4,780,983	3,776,824
		28,182,700	7,006,469	11,568,175	9,692,597	56,349,941	50,040,491

48. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Bank and other borrowings with a repayment on demand clause are included in the “on demand or less than 1 year” time band in the above maturity analysis. As at 31 December 2024, the aggregate carrying amounts of these bank loans amounted to RMB3,697,388 thousand (2023: RMB2,135,979 thousand). Taking into account the Group’s financial position, the management does not believe that it is probable that the banks and other debtors will exercise their discretionary rights to demand immediate repayment. The management believes that such bank and other borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank and other borrowings with a repayment on demand clause based on scheduled

	1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash outflow RMB'000
31 December 2024	834,644	965,889	1,882,612	562,654	4,245,799
31 December 2023	643,356	500,139	916,069	958,833	3,018,397

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Market risk

The Group’s activities expose primarily to the market risks of changes in interest rates. There has been no change in the Group’s exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

The Group collects all of its revenue in RMB and incurs almost all of its expenditures in RMB. A small portion of bank balances and cash of the Group are denominated in Hong Kong dollars (“HKD”), EURO and United States dollars (“USD”) and currency risk on USD mainly represents the USD denominated bonds totalling USD249.7 million. The Group pays all dividends in respect of H shares in HKD. The Group monitors currency risk exposure by periodically reviewing foreign currency exchange rates and will consider hedging significant foreign currency exposure should the need arises.

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48. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(i) Currency risk (continued)

The table below is a sensitivity analysis of exchange rate risk, which reflects the impact on net profit or loss after tax, when there are reasonable and potential changes in USD, EURO and HKD exchange rates, under the presumption that all other variables remain unchanged.

2024

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss RMB'000	Increase/ (decrease) in total shareholders' equity RMB'000
Depreciation of RMB against USD	(5)	(66,759)	(66,759)
Appreciation of RMB against USD	5	66,759	66,759
Depreciation of RMB against HKD	(5)	3	3
Appreciation of RMB against HKD	5	(3)	(3)
Depreciation of RMB against EURO	(5)	6	6
Appreciation of RMB against EURO	5	(6)	(6)

2023

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in net profit or loss RMB'000	Increase/ (decrease) in total shareholders' equity RMB'000
Depreciation of RMB against USD	(5)	(65,454)	(65,454)
Appreciation of RMB against USD	5	65,454	65,454
Depreciation of RMB against HKD	(5)	10	10
Appreciation of RMB against HKD	5	(10)	(10)
Depreciation of RMB against EURO	(5)	7	7
Appreciation of RMB against EURO	5	(7)	(7)

48. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to interest rate risk in relation to bank deposits, loan receivables, bank and other borrowings, bonds and lease liabilities. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank and other borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2023: 50 basis points) increase or decrease of variable-rate bank and other borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable – rate bank balances is insignificant.

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's:

- post-tax loss for the year ended 31 December 2024 would increase/decrease by RMB61,979 thousand (2023: increase/decrease by approximately RMB83,950 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings and;
- other equity reserves would decrease/increase by RMB61,979 thousand (2023: decrease/increase by approximately RMB83,950 thousand) mainly as a result of the changes in retain earnings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(iii) Price risk of equity instrument investment

Price risk of equity instrument investment is the risk that the fair values of equity securities decrease as a result of changes in the levels of share indices and the value of individual securities. The Group was exposed to price risk of equity instrument investment arising from individual equity instrument investment classified as equity instrument investment measured at fair value through profit or loss and equity instrument investment measured at fair value through other comprehensive income as at 31 December 2024 and 2023. The Group's listed equity instrument investments are listed on the stock exchange in Shanghai and Shenzhen and are measured at quoted market prices at the balance sheet date.

Sensitivity analysis

Following are market stock indices of the following stock exchanges at the end of the trading day closest to the balance sheet date, and their respective highest closing point and the lowest closing point during the year:

	End of 2024	2024 Highest/Lowest	End of 2023	2023 Highest/Lowest
SSE – A share index	3,352	3,674/2,690	2,975	3,419/2,882
SZSE – A share index	10,415	11,864/7,908	9,525	12,246/9,106

The table below demonstrates the sensitivity of the Group's net profit or loss and net other comprehensive income after tax to every 10% change in the fair values of equity instrument investments, with all other variables held constant (based on their book values at the balance sheet date).

2024

	Book value of equity instrument investment	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
Equity instrument investment				
SSE – FVTOCI	161,090	–	12,082	12,082
SZSE – FVTOCI	148,730	–	11,155	11,155
HKEX – FVTOCI	156,971	–	13,107	13,107
NEEQ – FVTOCI	102,519	–	8,560	8,560
Non-listed equity instrument at FVTOCI	661,579	–	49,618	49,618

48. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

(iii) Price risk of equity instrument investment (continued)

Sensitivity analysis (continued)

2023

	Book value of equity instrument investment	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in net other comprehensive income after tax	Increase/ (decrease) in total shareholders' equity
Equity instrument investment				
SSE – FVTOCI	284,155	–	21,311	21,311
SZSE – FVTOCI	337,996	–	25,985	25,985
NEEQ – FVTOCI	2,747	–	206	206
Non-listed equity instrument at FVTOCI	1,132,733	–	88,069	88,069

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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48. FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at 31 December 2024

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
– Debt instrument investments	–	–	63,523	63,523
– Funds	–	–	81,111	81,111
– Equity instrument investments	–	–	160,879	160,879
Equity instruments at FVTOCI	569,313	2,625	658,954	1,230,892

Fair value hierarchy as at 31 December 2023

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
– Debt instrument investments	–	–	489,210	489,210
– Funds	–	–	81,111	81,111
– Equity instrument investments	–	–	260,025	260,025
Equity instruments at FVTOCI	622,152	2,746	1,132,733	1,757,631

Notes to the Consolidated Financial Statements

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48. FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	31 December 2024 RMB'000	31 December 2023 RMB'000	Fair value hierarchy	Valuation techniques and significant unobservable inputs
1) Debt instrument investments	63,523	489,210	Level 3	Discounted cash flow approach Risk-adjusted discount Rate: 6% (2023: 6%) (note a)
2) Funds	81,111	81,111	Level 3	Discounted cash flow approach Risk-adjusted discount Rate: 8% (2023: 8%)
3) Equity instrument investments	160,879	260,025	Level 3	Discounted cash flow approach Risk-adjusted discount Rate: 12%-14% (2023: 8%-14%) (note b)
4) Equity instrument investments-FVTOCI	658,954	1,132,733	Level 3	Comparable company approach Liquidity discount rate: 82%-83% (2023: 80%-88%) (note c)

notes:

- (a) The higher the discount rate, the lower the fair value.
- (b) An increase in the discount rate would result in a decrease in fair value measurement of the Equity instrument investment – FVTPL, and vice versa.
- (c) A slight increase in the liquidity discount rate would result in a decrease in the fair value of the equity instrument investments – FVTOCI and vice versa.

There were no transfers between Level 1 and 2 during the year.

Notes to the Consolidated Financial Statements

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48. FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation measurements of Level 3 fair value

	Equity instruments at FVTOCI RMB'000	Debt instruments at FVTPL RMB'000	Equity instruments at FVTPL RMB'000
As at 1 January 2023	1,520,120	921,838	332,275
Included in profit or loss	–	15,406	(60,150)
Included in other comprehensive income	(63,115)	–	–
Additions	15,534	88,060	–
Disposal/settlements	(339,806)	(454,983)	(12,100)
As at 31 December 2023 and 1 January 2024	1,132,733	570,321	260,025
Transfer out of level 3	(298,258)	–	–
Included in profit or loss	–	(126)	(96,370)
Included in other comprehensive income	(127,046)	–	–
Additions	–	891,627	15,174
Disposal/settlements	(48,475)	(1,317,188)	(17,950)
As at 31 December 2024	658,954	144,634	160,879

note:

During the year ended 31 December 2024, equity instruments at FVTOCI with carry amounts of RMB298,258,000 transferred from level 3 to level 1 due to the investees became listed companies during 2024.

Other than abovementioned, there were no transfers into or out of Level 3 during the year.

Notes to the Consolidated Financial Statements

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49. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease Liabilities RMB'000	Bonds RMB'000	Bank and other borrowings RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2023	4,362,459	2,254,229	31,609,352	2,609,626	40,835,666
Changes from financing cash flows:					
Capital element of lease rentals paid	(536,287)	–	–	–	(536,287)
Proceeds from bank and other borrowings	–	–	5,877,644	–	5,877,644
Repayment of bank and other borrowings	–	–	(4,918,385)	–	(4,918,385)
Interest paid	(188,915)	(90,550)	(1,912,841)	(29,780)	(2,222,086)
Redemption of bonds	–	(530,829)	–	–	(530,829)
Advance from related parties and third parties	–	–	–	1,131,986	1,131,986
Advance from Xiamen C&D	–	–	–	5,200,000	5,200,000
Repayment to related parties and third parties	–	–	–	(2,032,262)	(2,032,262)
Repayment to Xiamen C&D	–	–	–	(5,227,248)	(5,227,248)
Total changes from financing cash flows	(725,202)	(621,379)	(953,582)	(957,304)	(3,257,467)
Other non-cash changes:					
Interest expenses	188,915	96,173	2,034,509	553,056	2,872,653
Addition of lease liabilities	68,310	–	–	–	68,310
Lease modification	(117,658)	–	–	–	(117,658)
Transfer from other payables/other receivables	–	–	–	(205,858)	(205,858)
Exchange difference	–	29,489	–	–	29,489
As at 31 December 2023 and 1 January 2024	3,776,824	1,758,512	32,690,279	1,999,520	40,225,135
Changes from financing cash flows:					
Capital element of lease rentals paid	(489,873)	–	–	–	(489,873)
Proceeds from bank and other borrowings	–	–	13,141,842	–	13,141,842
Repayment of bank and other borrowings	–	–	(18,744,882)	–	(18,744,882)
Interest paid	(137,843)	(94,388)	(1,702,746)	(56,956)	(1,991,933)
Advance from related parties and third parties	–	–	–	114,000	114,000
Advance from Xiamen C&D	–	–	–	16,130,000	16,130,000
Repayment to related parties and third parties	–	–	–	(812,900)	(812,900)
Repayment to Xiamen C&D	–	–	–	(7,467,426)	(7,467,426)
Total changes from financing cash flows	(627,716)	(94,388)	(7,305,786)	7,906,718	(121,172)
Other non-cash changes:					
Interest expenses	137,843	100,324	1,729,644	563,985	2,531,796
Addition of lease liabilities	44,783	–	–	–	44,783
Lease modification	(1,144,132)	–	–	–	(1,144,132)
Transfer from other payables/other receivables	38,058	–	149,416	(561,854)	(374,380)
Exchange difference	–	26,393	–	–	26,393
As at 31 December 2024	2,225,660	1,790,841	27,263,553	9,908,369	41,188,423

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50. CONTINGENT LIABILITIES

There is no material contingent liabilities at the end of reporting period.

51. RELATED PARTY TRANSACTIONS

1. Major Transactions between the Group and Related Parties

The following related party transactions are necessary for the development of the group's business. The transactions between the group and related parties are related to daily operations. The transactions follow the principles of openness and fairness. The transactions between both parties are settled at fair market prices.

(1) Purchase and sale of goods, provision and receipt of services from related parties

Purchase of goods and receipt of services from related parties

		Details of Transactions	2024 RMB'000	2023 RMB'000
YangGuang Haitian Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	Purchase of goods		4,669	256
Xiamen C&D Wine & Spirits Co., Ltd. (廈門建發美酒匯酒業有限公司)	Purchase of goods		1,123	76
Xiamen C&D Hengrong Supply Chain Co. Ltd. (廈門建發恒融供應鏈有限公司)	Purchase of goods		741	1
Xiamen C&D International Wine Group Co., Ltd. (廈門建發國際酒業集團有限公司)	Purchase of goods		414	–
Shanghai C&D Wine Sales Management Co., Ltd. (上海建發酒業銷售管理有限公司)	Purchase of goods		397	51
Xiamen C&D International Travel Service Group Co., Ltd (廈門建發國際酒業集團有限公司)	Purchase of goods		226	–
Xiamen C&D Habitat Technology Co. Ltd. (廈門建發居住科技有限公司)	Purchase of goods		164	–
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Purchase of goods		105	119
Xiamen C&D Wine Sales Management Co., Ltd. (廈門建發酒業銷售管理有限公司)	Purchase of goods		92	324
Shanghai Tianhe Intelligent Technology Company Co., Ltd (上海天合智能科技股份有限公司) and its subsidiaries	Purchase of goods		27	–

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Xiamen C&D Food Supply Chain Co. Ltd. (廈門建發食品供應鏈有限公司)	Purchase of goods	2	–
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Purchase of goods	N/A	659
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	Purchase of goods	N/A	555
Huizhou Good Life Furniture Co., Ltd. (惠州美好生活傢俱有限公司)	Purchase of goods	–	80
Chongqing Zerui Commercial Management Co., Ltd. (重慶澤瑞商業管理有限公司)	Purchase of goods	N/A	48
Wuhu Minghui Commercial Management Co., Ltd. (蕪湖明輝商業管理有公司)	Purchase of goods	–	37
Zhejiang Longkai Film Co., Ltd. (浙江龍凱影業有限公司)	Purchase of goods	–	35
Shanghai Tukai Enterprise Management Co., Ltd. (上海投凱企業管理有限公司)	Purchase of goods	–	12
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	Purchase of goods	–	10
Taobao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司)	Purchase of goods	–	3
Chengdu Dongtai Shopping Mall Co., Ltd. (成都東泰商城有限公司)	Purchase of goods	–	2
		7,960	2,268

Note: Commodity purchases from related parties: during the year, the Group conducted commodity transactions with related parties based on market prices.

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For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	Settlement of interest income from deposit	N/A	180
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Settlement of interest income from deposit	16	44
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Settlement of interest income from deposit	4	7
		20	231

Note: Payment of interest on deposits to related parties: during the year, the Group conducted transactions with related parties based on market prices.

51.RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) and its subsidiaries	Joint marketing	5,788	7,846
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Joint marketing	2,211	2,612
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Joint marketing	1,259	1,911
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Joint marketing	672	1,105
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Joint marketing	147	195
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Joint marketing	63	–
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Joint marketing	–	164
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Joint marketing	N/A	98
Shaanxi Hongrui Home Life Square Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Joint marketing	–	77
		10,140	14,008

Note: Related parties provided joint marketing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Revenue from advertising space lease/ Administrative expenses	135	237
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星 美凱龍全球家居生活廣場置業有限公司)	Revenue from advertising space lease/ Administrative expenses	171	224
Shandong Inzone Green Home Co., Ltd. (山東銀 座家居有限公司) and its subsidiaries	Revenue from advertising space lease/ Administrative expenses	39	171
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全 球家居生活廣場有限公司)	Revenue from advertising space lease/ Administrative expenses	20	146
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Revenue from advertising space lease/ Administrative expenses	7	142
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Revenue from advertising space lease/ Administrative expenses	–	40
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際 傢俱裝飾城有限公司)	Revenue from advertising space lease/ Administrative expenses	–	127
		372	1,087

Note: Related parties provided the Group with advertising space leasing/management services: during the year, the Group entered into transactions with related parties based on market prices.

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	Receipt of services	637,870	640,709
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Receipt of services	31,931	60,309
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	Receipt of services	6,961	8,838
Xiamen C&D Hengyuan Culture Development Co., Ltd. (廈門建發恒遠文化發展有限公司)	Receipt of services	4,265	–
Shanghai Jiazhan Construction Engineering Co., Ltd. (上海嘉展建築裝潢工程有限公司)	Receipt of services	2,784	3,226
Shanghai Dijing Catering Management Co., Ltd. (上海帝景餐飲管理有限公司)	Receipt of services	1,331	–
Xiamen Convention & Exhibition International Travel Service Co., Ltd. (廈門會展國際旅行社有限公司)	Receipt of services	771	–
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	Receipt of services	429	1,591
Xiamen International Convention & Exhibition Hotel Co., Ltd. (廈門國際會展酒店有限公司)	Receipt of services	233	–
Red Star Macalline Holding Group Co., Ltd. (紅星美凱龍控股集團有限公司)	Receipt of services	124	–
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Receipt of services	76	–

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For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Purchase of goods and receipt of services from related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Xiamen C&D Habitat Technology Co., Ltd. (廈門建發居住科技有限公司)	Receipt of services	9	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Receipt of services	–	15,739
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Receipt of services	–	18,660
Shanghai Zhenyang Decoration Co., Ltd. (上海振洋建築裝潢工程有限公司) and its branches	Receipt of services	N/A	7,315
Yimeijisi Optoelectronics Technology (Fujian) Co., Ltd. (誼美吉斯光電科技(福建)有限公司)	Receipt of services	N/A	994
Beijing Qidi Culture & Art Co., Ltd. (北京奇迪文化藝術有限公司)	Receipt of services	–	458
Shanghai Macalline Aijia Property Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	Receipt of services	–	239
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	Receipt of services	–	174
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Receipt of services	–	5
		686,784	758,257

Note: Related parties provided labor services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties

	Details of Transactions	2024 RMB'000	2023 RMB'000
Xiamen C&D City Service Development Co., Ltd. (廈門建發城服發展股份有限公司)	Sales of goods	1,851	–
Lan Zhou Red star Business Management Co., Ltd. (蘭州紅星商業管理有限公司)	Sales of goods	963	913
Xiamen C&D Auto International Trade Service Co., Ltd. (廈門建發汽車國際貿易服務有限公司)	Sales of goods	307	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) and its subsidiaries	Sales of goods	234	208
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Sales of goods	226	109
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	Sales of goods	159	16
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	Sales of goods	157	102
Shanghai Red Star Parking Management Co., Ltd. (上海紅星停車管理有限公司)	Sales of goods	125	162
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Sales of goods	72	197
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Sales of goods	56	77
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Sales of goods	41	74

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For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Sales of goods	28	230
Xiamen C&D Living Materials Co., Ltd. (廈門建發生活資材有限責任公司)	Sales of goods	39	–
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	Sales of goods	22	–
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	Sales of goods	18	–
Zhongyue Real Estate (Fujian) Co., Ltd. (中冶置業(福建)有限公司)	Sales of goods	37	–
Shanghai Tianhe Intelligent Technology Co., Ltd. (上海天合智能科技股份有限公司) and its branches	Sales of goods	5	–
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業發展有限公司)	Sales of goods	N/A	1,709
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司)	Sales of goods	–	908
Yunnan Yuanzepinwei Property Management Co., Ltd. (雲南遠擇品唯物業管理有限公司)	Sales of goods	N/A	367
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Sales of goods	–	172
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Sales of goods	N/A	94

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For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Sales of goods	N/A	44
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Sales of goods	–	34
Qianzhi (Beijing) Cultural Development Co., Ltd. (乾智(北京)文化發展有限公司)	Sales of goods	–	25
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	Sales of goods	–	20
Nanjing Oukailong Home Furnishing Co., Ltd (南京歐凱龍家居有限公司)	Sales of goods	N/A	9
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Sales of goods	–	2
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Sales of goods	N/A	2
		4,340	5,474

Note: Sales of goods to related parties: during the year, the Group conducted transactions with related parties based on market prices.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its branches	Rendering of service	92,640	45,605
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Rendering of service	7,085	10,913
Shanghai Zhaomin Real Estate Development Co., Ltd. (上海兆閔房地產開發有限公司)	Rendering of service	5,769	–
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	Rendering of service	4,314	450,368
Wuhan Yiran Property Management Co., Ltd. (武漢怡然物業管理有限公司)	Rendering of service	648	40
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Rendering of service	584	771
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Rendering of service	178	158
Hubei Yiyue Property Management Co., Ltd. (湖北怡悅物業管理有限公司)	Rendering of service	147	–
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	Rendering of service	71	77
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Rendering of service	43	140
Joy Home (Xiamen) Property Management Co., Ltd. (怡家園(廈門)物業管理有限公司)	Rendering of service	20	–
Xiamen C&D Finance Guarantee Co., Ltd. (廈門建發融資擔保有限公司)	Rendering of service	3	–
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	Rendering of service	–	18,955

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For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Shanghai Xingyue Property Service Co., Ltd. (上海星悅物業服務有限公司) and its branches	Rendering of service	–	19,857
Shanghai Aegean Business Management Co., Ltd. (上海愛琴海商務管理有限公司)	Rendering of service	–	3,292
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Rendering of service	–	1,865
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	Rendering of service	–	517
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	Rendering of service	–	353
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	Rendering of service	N/A	92
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Rendering of service	N/A	23
Shanghai Weilaishi Decoration Technology Co., Ltd. (上海威來適裝飾科技有限公司)	Rendering of service	–	26
Shanghai Huangpu Red Star Microfinance Co., Ltd. (上海黃浦紅星小額貸款有限公司)	Rendering of service	–	15
Shanghai Tianhe Intelligent Technology Co., Ltd. (上海天合智能科技股份有限公司) and its branches	Rendering of service	–	9
		18,862	507,471

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For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Brand management service	2,830	2,830
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	Brand management service	2,830	2,830
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	Brand management service	2,769	2,672
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	Brand management service	2,123	4,245
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Brand management service	1,887	1,887
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	Brand management service	1,887	1,887
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Brand management service	1,698	1,698
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際傢俱裝飾城有限公司)	Brand management service	24	761
		16,048	18,810

Note: Provision of brand management services for related parties: during the year, the Group conducted transactions with related parties based on market prices.

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	Service income	5,573	4,227
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	Service income	3,304	1,339
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	Service income	913	–
Zhejiang TMC Technology Co., Ltd (浙江天貓技術有限公司)	Service income	894	1,893
Shanghai Aegean Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Service income	695	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Service income	490	966
Shanghai Lianhong Real Estate Development Co., Ltd. (上海聯泓房地產開發有限公司)	Service income	424	–
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	Service income	151	321
Xiamen C&D Residence Technology Co., Ltd. (廈門建發居住科技有限公司)	Service income	147	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	Service income	80	166
Shanghai Tianhe Intelligent Technology Co., Ltd. (上海天合智能科技股份有限公司) and its branches	Service income	38	38
Shanghai Lihao Environmental Protection Technology Co., Ltd. (上海麗浩環保科技有限公司)	Service income	36	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Service income	28	39
Hangzhou Jianmei Scene Technology Co., Ltd. (杭州建美場景科技有限公司)	Service income	5	–

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51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Wuhu Meihe Asset Management Company Limited (蕪湖美和資產管理有限公司)	Service income	–	4,340
Shenzhen Long Life Basics Sleep Science and Technology Co., Ltd. (深圳市朗樂福睡眠科技有限公司)	Service income	N/A	2,427
LEAWOD Door and Window Group Co., Ltd. (良木道門窗集團有限公司)	Service income	N/A	877
Shanghai Hongxing Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	Service income	–	358
Shenzhen Red Star Macalline Expo Home Plaza Co., Ltd. (深圳紅星美凱龍世博家居廣場有限公司)	Service income	N/A	166
Guangdong Weidu Legal Home Furnishing Co., Ltd (廣東威法定制家居股份有限公司)	Service income	N/A	94
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	Service income	–	68
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	Sales of goods	–	64
		12,778	17,383

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For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Chongqing Xingyuan Kaijian Commercial Management Co., Ltd (重慶星遠凱建商業管理有限公司)	Design consultation income	2,038	–
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	Design consultation income	119	2,549
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置業有限公司)	Design consultation income	N/A	1,323
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	Design consultation income	–	858
Changzhou Jintan Kaihui Real Estate Development Co. (常州金壇凱匯房地產開發有限公司)	Design consultation income	N/A	758
Luohe Starway Real Estate Co. (漯河星匯置業有限公司)	Design consultation income	N/A	94
Nanchang Haoran Real Estate Co., Ltd. (南昌浩然置業有限公司)	Design consultation income	N/A	2
		2,157	5,584

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(1) Purchase and sale of goods, provision and receipt of services from related parties (continued)

Sales of goods and rendering of services to related parties (continued)

	Details of Transactions	2024 RMB'000	2023 RMB'000
Hangzhou Noble Holding Group Co., Ltd. (杭州諾貝爾控股集團有限公司) and its subsidiaries	Joint marketing	2,198	3,294
Maxxis Intelligent Home (Shenzhen) Co., Ltd. (美時智能家居(深圳)有限公司)	Joint marketing	377	524
Shanghai Trina Intelligent Technology Company Limited (上海天合智能科技股份有限公司) and its subsidiaries	Joint marketing	6	–
		2,581	3,818

Note: Related parties provided joint marketing services for the Group: during the year, the Group conducted transactions with related parties based on market prices.

	Details of Transactions	2024 RMB'000	2023 RMB'000
Shanghai Aegean Sea Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Others	421	–
Chongqing Jinke Real Estate Development Co., Ltd. (重慶金科房地產開發有限公司)	Others	N/A	240,566
YangGuang Haitian Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	Others	–	2,782
		421	243,348

Note: The Group provides services to related parties: during the year, the Group conducted transactions with related parties based on market prices.

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party

As lessors

	Type of leased assets	2024 RMB'000	2023 RMB'000
Sunsea Parking Holdings Ltd. (陽光海天停車控股有限公司) and its subsidiaries	Parking garage	45,218	49,328
Shanghai Red Star Macalline Real Estate Co., Ltd. (上海紅星美凱龍置業有限公司)	Parking garage	2,915	–
Hangzhou Noble Holding Group Co., Ltd. (杭州諾貝爾控股集團有限公司) and its subsidiaries	Shop(s) in shopping mall	2,712	4,408
Shanghai Aegean Sea Commercial Group Co., Ltd. (上海愛琴海商業集團股份有限公司)	Parking garage	2,363	–
Ultimate IOT (Shanghai) Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	Shop(s) in shopping mall	2,151	5,561
Shanghai Lianhong Real Estate Development Co. (上海聯泓房地產開發有限公司)	Office	1,447	731
Lotus Parking Management Co., Ltd. (中資停車管理涿源有限公司濟南分公司)	Shop(s) in shopping mall	1,716	–
Xiamen C&D Warehouse Co., Ltd (廈門建發倉儲有限公司)	Warehouse	799	–
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	Shop(s) in shopping mall	742	658
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司)	Shop(s) in shopping mall	592	612
Shanghai Tianhe Smart Home Technology Company Ltd. (上海天合智能科技股份有限公司) and its branches	Shop(s) in shopping mall	396	245
Billion (Wuhan) Automobile Sales Co., Ltd. (柏億(武漢)汽車銷售有限公司)	Shop(s) in shopping mall	112	–
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	Shop(s) in shopping mall	96	1,256
Xiamen C&D Habitat Technology Co. Ltd (廈門建發居住科技有限公司)	Parking garage	69	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessors (continued)

	Type of leased assets	2024 RMB'000	2023 RMB'000
Shanghai Lihao Environmental Protection Technology Co., Ltd. (上海麗浩環保科技有限公司)	Office	84	123
Xiamen Airlines Co., Ltd (廈門航空有限公司)	Office	29	–
Changzhou Longyao Equity Investment Management Co., Ltd. (常州龍耀股權投資管理有限公司)	Office	17	36
Hangzhou Jianmei Scene Technology Co., Ltd. (杭州建美場景科技有限公司)	Office	16	–
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Office	–	22,098
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	Parking garage	–	6,349
Shanghai Huojing Business Management Company Limited and its branches (上海或京商業管理有限公司及其分公司)	Shop(s) in shopping mall	N/A	2,793
Nanjing Oukailong Home Furnishing Co., Ltd (南京歐凱龍家居有限公司)	Shop(s) in shopping mall	N/A	339
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	Shop(s) in shopping mall	N/A	288
Shanghai Red Star Parking Management Co., Ltd (上海紅星停車管理有限公司)	Parking garage	–	667
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	Parking garage	–	264
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	Shop(s) in shopping mall	–	211
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉑房地產開發有限公司)	Office	N/A	76
		61,474	96,043

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(2) Leases with related party (continued)

As lessee

	Type of leased assets	2024 RMB'000	2023 RMB'000
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	Shop(s) in shopping mall	23,282	22,114
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	Shop(s) in shopping mall	21	121
Yunnan Yuanzepinwei Property Management Co., Ltd (雲南遠擇品唯物業管理有限公司)	Parking garage	N/A	711
Beijing Qidi Culture & Art Co., Ltd. (北京奇迪文化藝術有限公司)	Shop(s) in shopping mall	–	458
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	Shop(s) in shopping mall	–	129
CHEN Shuhong (陳淑紅)	Dormitory	–	57
		23,303	23,590

(3) Interest expenses

	2024 RMB'000	2023 RMB'000
Xiamen C&D Inc.	214,819	–
Xiamen International Bank Limited Shanghai Xuhui Sub-branch (廈門國際銀行股份有限公司上海徐匯支行)	12,878	10,176
	227,697	10,176

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties

Receiving guarantees from related parties

2024

	Amount of guarantees RMB'000	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 1)	249,058	6/20/2019	6/20/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 2)	131,000	1/15/2020	9/17/2026	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 3)	532,944	3/25/2020	3/25/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 4)	45,000	6/8/2020	12/10/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 5)	405,700	7/1/2019	6/20/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 6)	200,000	7/13/2018	7/10/2028	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 7)	300,000	7/7/2022	7/6/2025	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 8)	160,056	11/28/2019	11/27/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 9)	216,900	3/20/2020	3/20/2028	No
Che Jianxing (車建興) (note 10)	1,315,616	3/3/2020	3/2/2030	No
Che Jianxing (車建興) (note 11)	124,500	6/17/2016	6/16/2026	No
Che Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 12)	109,000	12/28/2022	11/29/2026	No
Che Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 13)	1,640,000	6/15/2022	6/15/2037	No
Che Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 14)	1,790,841	8/17/2022	3/17/2026	No
Che Jianxing、CHEN Shuhong (車建興、陳淑紅) (note 15)	756,775	3/29/2023	3/20/2033	No
Xiamen C&D Inc. (note 16)	450,000	11/22/2024	11/22/2027	No
Xiamen C&D Inc. (note 17)	3,593,680	1/25/2024	11/12/2041	No
Xiamen C&D Inc. (note 18)	967,400	11/8/2024	11/14/2027	No

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2024 (continued)

- Note 1:* The loan was secured by an investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 2:* The loan was secured by an investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.
- Note 3:* The loan was secured by an investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.
- Note 4:* The loan was secured by the property, plant and equipment of the Group's subsidiary, Shanghai Bencheng Enterprise Management Company Limited.
- Note 5:* The loan was secured by an investment property of Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd., a subsidiary of the Group.
- Note 6:* The loan was secured by the investment property of the Group's subsidiary, Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited.
- Note 7:* The loan was secured by an investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.
- Note 8:* The loan was secured by an investment property of Liuzhou Red Star Macalline Home Furnishing Company Limited.
- Note 9:* The loan was secured by an investment property of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.
- Note 10:* The loan was secured by an investment property of the Group's subsidiary, Shanghai Mountain and Sea Art Furniture Company Limited.
- Note 11:* The loan was secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.
- Note 12:* The loan was secured by an investment property of the Group's subsidiary, Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited.
- Note 13:* The loan was secured by the investment properties of the Group's subsidiaries, Beijing Red Star Macalline International Furniture and Building Materials Plaza Company Limited and Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited.
- Note 14:* The loans were also secured by the investment properties of the Group's subsidiaries, Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited and Chongqing Xingkaikhe Home Furnishing Company Limited.
- Note 15:* The loans were also secured by the investment properties of the Group's subsidiaries, Jinan Red Star Macalline Shibo Home Living Plaza Company Limited and Beijing Red Star Macalline International Home Furnishing Plaza Company Limited.
- Note 16:* The loan was secured by an investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.
- Note 17:* The loan was secured by an investment property of Shanghai Xinwei Property Company Limited.
- Note 18:* The loans were also secured by the investment properties of the Group's subsidiaries, Changzhou World Furniture and Home Plaza Co., Ltd, Changzhou Red Star Macalline International Computer Home appliances Mall Company Limited, Changzhou Hongyang Home Furnishing Plaza Company Limited and Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2023

	Amount of guarantees RMB'000	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 1)	96,000	4/1/2022	3/31/2024	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 2)	48,600	9/8/2022	9/7/2024	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 3)	790,000	10/23/2020	10/22/2032	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 4)	475,000	6/16/2020	6/16/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 5)	434,500	12/26/2020	12/25/2035	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 6)	96,000	12/19/2019	12/19/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 7)	221,000	1/17/2020	1/17/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 8)	304,558	6/20/2019	6/20/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 9)	303,480	1/15/2020	9/17/2026	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 10)	330,000	12/27/2019	12/27/2031	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 11)	593,000	3/25/2020	3/25/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 12)	52,500	6/8/2020	12/10/2030	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 13)	490,500	7/1/2019	6/20/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 14)	240,000	7/13/2018	7/10/2028	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) (note 15)	280,000	6/18/2021	6/17/2024	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 16)	300,000	12/24/2021	12/23/2024	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 17)	700,000	7/7/2022	7/6/2025	No

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2023 (continued)

	Amount of guarantees RMB'000	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 18)	200,000	8/20/2021	8/26/2024	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 19)	186,489	11/28/2019	11/27/2029	No
Red Star Macalline Holding Group Company Limited (紅星美凱龍控股集團有限公司) and Che Jianxing (車建興) (note 20)	296,400	3/20/2020	3/20/2028	No
Che Jianxing (車建興) (note 21)	95,000	12/15/2017	12/15/2027	No
Che Jianxing (車建興) (note 22)	1,350,616	3/3/2020	3/2/2030	No
Che Jianxing (車建興) (note 23)	177,000	6/17/2016	6/16/2026	No
Che Jianxing (車建興) (note 24)	164,500	1/5/2017	6/20/2025	No
Che Jianxing (車建興) (note 25)	380,000	5/10/2018	5/10/2028	No
Che Jianxing (車建興) (note 26)	1,153,067	2/18/2020	2/11/2030	No
Che Jianxing · CHEN Shuhong (車建興、陳淑紅) (note 27)	165,000	12/28/2022	11/29/2026	No
Che Jianxing · CHEN Shuhong (車建興、陳淑紅) (note 28)	1,720,000	6/15/2022	6/15/2037	No
Che Jianxing · CHEN Shuhong (車建興、陳淑紅) (note 29)	1,715,389	8/17/2022	3/17/2026	No
Che Jianxing · CHEN Shuhong (車建興、陳淑紅) (note 30)	784,257	3/29/2023	3/20/2033	No
Che Jianxing (車建興) (note 31)	1,171,067	2/2/2023	2/11/2030	No
Che Jianxing · CHEN Shuhong (車建興、陳淑紅) (note 32)	193,000	12/28/2022	11/29/2026	No
Che Jianxing · CHEN Shuhong (車建興、陳淑紅) (note 33)	1,760,000	6/15/2022	6/15/2037	No
Che Jianxing · CHEN Shuhong (車建興、陳淑紅) (note 34)	1,791,381	8/17/2022	3/17/2026	No
Che Jianxing · CHEN Shuhong (車建興、陳淑紅) (note 35)	794,250	3/29/2023	3/20/2033	No

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For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2023 (continued)

- Note 1:* The loan was secured by an investment property of a subsidiary of the Group, Changzhou Red Star Macalline International Computer Home appliances Mall Company Limited.
- Note 2:* The loan was secured by an investment property of a subsidiary of the Group, Changzhou Red Star Macalline International Computer Home appliances Mall Company Limited.
- Note 3:* The loan was secured by an investment property of a subsidiary of the Group, Tianjin Red Star Macalline International Home Furnishing Expo Company Limited.
- Note 4:* The loan was secured by an investment property of the Group's subsidiary, Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited.
- Note 5:* The loan was secured by an investment property of a subsidiary of the Group, Shanghai Red Star Macalline Xinglong Home Furnish Company Limited.
- Note 6:* The loan was secured by an investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 7:* The loan was secured by an investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 8:* The loan was secured by an investment property of Zhengzhou Red Star Macalline International Home Furnishing Company Limited, a subsidiary of the Group.
- Note 9:* The loan was secured by an investment property of Nanchang Red Star Macalline Global Home Expo Center Company Limited, a subsidiary of the Group.
- Note 10:* The loan was secured by an investment property of Ningbo Red Star Macalline Home Shopping Plaza Company Limited, a subsidiary of the Group.
- Note 11:* The loan was secured by an investment property of Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited, a subsidiary of the Group.
- Note 12:* The loan was secured by the property, plant and equipment of the Group's subsidiary, Shanghai Bencheng Enterprise Management Company Limited.
- Note 13:* The loan was secured by an investment property of Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd., a subsidiary of the Group.
- Note 14:* The loan was secured by the investment property of the Group's subsidiary, Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited.
- Note 15:* The loan was secured by an investment property of Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited.

51. RELATED PARTY TRANSACTIONS (continued)

1. Major Transactions between the Group and Related Parties (continued)

(4) Guarantees from related parties (continued)

Receiving guarantees from related parties (continued)

2023 (continued)

- Note 16:* The loan was secured by an investment property of Changzhou World Furniture and Home Plaza Co., Ltd., a subsidiary of the Group.
- Note 17:* The loan was secured by an investment property of Hefei Red Star Macalline Shibo Furniture Plaza Company Limited, a subsidiary of the Group.
- Note 18:* The loan was secured by an investment property of Changzhou Hongyang Home Furnishing Plaza Company Limited, a subsidiary of the Group.
- Note 19:* The loan was secured by an investment property of Liuzhou Red Star Macalline Home Furnishing Company Limited.
- Note 20:* The loan was secured by an investment property of Foshan Junda Enterprise Management Co., Ltd., a subsidiary of the Group.
- Note 21:* The loan was secured by an investment property of the Group's subsidiary, Shanghai Mountain and Sea Art Furniture Company Limited.
- Note 22:* The loan was secured by an investment property of the Group's subsidiary, Shanghai Mountain and Sea Art Furniture Company Limited.
- Note 23:* The loan was secured by the investment property of Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited, a subsidiary of the Group.
- Note 24:* The loan was secured by the investment property of the Group's subsidiary, Wuxi Red Star Macalline Home Living Plaza Company Limited.
- Note 25:* The loan was secured by an investment property of Shanghai Xinwei Property Company Limited.
- Note 26:* The loan was secured by an investment property of Shanghai Xinwei Property Company Limited.
- Note 27:* The loan was secured by an investment property of the Group's subsidiary, Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited.
- Note 28:* The loan was secured by the investment properties of the Group's subsidiaries, Beijing Red Star Macalline International Furniture and Building Materials Plaza Company Limited and Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited.
- Note 29:* The loans were also secured by the investment properties of the Group's subsidiaries, Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited and Jinan Red Star Macalline Shibo Home Living Plaza Company Limited.
- Note 30:* The loans were also secured by the investment properties of Jinan Red Star Macalline Shibo Home Living Plaza Company Limited, a subsidiary of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Accounts receivable				
Shanghai Xinhua Chengcheng Asset Management Co., Ltd. (上海新華成城資產管理有限公司)	40,000	40,000	40,000	40,000
Shanghai Xingzhiyu Commercial Management Co., Ltd. (上海星之域商業經營管理有限公司)	32,525	32,525	46,291	46,291
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its branches	6,051	272	23,233	1,045
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	5,620	3,397	3,814	1,556
Shanghai Macalline Property Management Service Co., Ltd (上海美凱龍物業管理服務有限公司)	4,250	2,112	2,000	521
Shenzhen Huasheng Home Furnishing Group Co., Ltd. (深圳華生大家居集團有限公司)	4,000	4,000	4,000	4,000
Zhejiang Zhongguang Electric Appliances Group Co., Ltd. (浙江中廣電器集團股份有限公司)	3,500	3,500	3,500	3,500
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	3,825	1,779	1,056	288
Cixi Xingkai Real Estate Co., Ltd. (慈溪星凱置業有限公司)	3,333	2,038	3,333	723
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	1,869	1,670	2,123	185
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	1,850	776	1,350	368
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,804	444	1,804	332
Xuzhou Maoxing Real Estate Co., Ltd. (徐州茂星置業有限公司)	1,750	828	1,750	257
Changzhou Jintan Weiyi Construction Engineering Co., Ltd. (常州市金壇維億建設工程有限公司)	1,500	1,500	1,500	1,500
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	1,422	169	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Xuzhou Red Star Macalline International Furniture Decoration City Co., Ltd. (徐州紅星美凱龍國際家具裝飾城有限公司)	1,494	1,043	1,470	506
Chongqing Xingyuan Kaijian Commercial Management Co., Ltd (重慶星遠凱建商業管理有限公司)	1,360	161	–	–
Changxing Ronghao Trading Co., Ltd. (長興榮皓貿易有限公司)	1,026	46	1,026	46
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	818	74	3,805	454
Dalian Xingkai Commercial Management Co., Ltd (大連星凱商業管理有限公司)	479	293	479	101
Shanghai Macalline Aijia Real Estate Management Consulting Co., Ltd. (上海美凱龍愛家房地產管理諮詢有限公司)	123	123	1,483	1,483
Shaoxing Xingkai Real Estate Co., Ltd. (紹興星凱置業有限公司)	106	106	106	43
Wuhan Yiran Property Management Co., Ltd (武漢怡然物業管理有限公司)	351	16	43	2
Hubei Yiyue Property Management Co., Ltd (重慶星遠凱建商業管理有限公司)	156	7	–	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	120	5	45	2
Shanghai Lihao Environmental Protection Technology Co., Ltd. (上海麗浩環保科技有限公司)	67	3	–	–
Shanghai Red Star Dragon Commercial Management Co., Ltd (上海紅星星龍商業管理有限公司)	53	31	53	14
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	50	2	87	4
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	34	34	34	34
Xiangshan Meilong Real Estate Co., Ltd. (象山美龍置業有限公司)	44	44	44	18
Shanghai Lianhong Real Estate Development Co., Ltd (上海聯泓房地產開發有限公司)	37	2	–	–
Yuyao Xingkai Real Estate Co., Ltd. (余姚星凱置業有限公司)	32	1	32	1

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Shanxi Red Star New World Real Estate Co., Ltd (山西紅星新世界置業有限公司)	18	1	18	1
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正 凱物流有限公司)	16	1	—	—
Shanghai Longhong Cinema Management Co., Ltd. (上海龍紅影院管理有限公司)	12	1	12	1
Yancheng Kailong Property Company Limited (鹽城凱龍置業有限公司)	7	—	7	—
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上 海)物聯網科技有限公司)	5	—	5	—
Shanghai Meiying Enterprise Management Co., Ltd. (上海美影企業管理有限公司)	3	—	3	—
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	N/A	N/A	45,351	45,351
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限 公司)	—	—	13,000	13,000
Danyang Rongjin Hongxing Real Estate Development Co., Ltd. (丹陽市融錦宏星置業 發展有限公司)	N/A	N/A	10,412	469
Yiwu Meilong Real Estate Co., Ltd. (義烏美龍置 業有限公司)	N/A	N/A	3,730	1,011
Nanchang Haoran Real Estate Co., Ltd. (南昌浩 然置業有限公司)	N/A	N/A	2,530	2,530
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地 產開發有限公司)	N/A	N/A	2,495	139
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	—	—	2,291	127
Tianjin Xingkai Real Estate Development Co., Ltd. (天津星凱房地產開發有限公司)	N/A	N/A	1,650	1,650
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	N/A	N/A	1,100	958
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	—	—	1,016	46
Xining Yuanhong Real Estate Development Co., Ltd (西寧遠鴻房地產開發有限公司)	N/A	N/A	975	200

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Nantong Xinglong Real Estate Development Co., Ltd. (南通星龍房地產開發有限公司)	N/A	N/A	960	80
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	N/A	N/A	876	49
Tianjin Meilong Real Estate Development Co., Ltd. (天津美龍房地產開發有限公司)	N/A	N/A	833	833
Kunming Yuanhonghui Real Estate Co., Ltd. (昆明遠鴻匯房地產有限公司)	N/A	N/A	498	126
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	N/A	N/A	409	89
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	N/A	N/A	317	14
Taiyuan Shuangming Kailong Property Development Co., Ltd (太原雙明凱龍房地產開發有限公司)	N/A	N/A	255	55
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	–	–	143	6
Taiyuan Starlight Universe Real Estate Development Co., Ltd (太原星光寰宇房地產開發有限公司)	N/A	N/A	70	3
Shanghai Willas-Array Decoration Technology Co., Ltd (上海威來適裝飾科技有限公司)	–	–	65	3
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	–	–	52	2
Wuhu Minghui Commercial Management Co., Ltd (蕪湖明輝商業管理有限公司)	–	–	38	2
Shanghai Red Star Macalline Property Co., Ltd (上海紅星美凱龍置業有限公司)	–	–	6	–
	119,710	97,004	233,578	170,019

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For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Prepayments				
Wuhu Red Star Macalline Equity Investment Fund Management Co., Ltd (蕪湖紅星美凱龍股權投資基金管理有限公司)	9,800	—	9,800	—
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its branches	2,930	—	3,429	—
Tianjin Lees Consulting Service Co., Ltd. (天津利時諮詢服務有限公司)	750	—	—	—
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	411	—	—	—
Sunsea Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	312	—	320	—
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	177	—	177	—
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	96	—	345	—
Xiamen Haiyue Villa Hotel Co., Ltd (廈門海悅山莊酒店有限公司)	64	—	—	—
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	43	—	50	—
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	19	—	79	—
Xiamen C&D Wine & Spirits Co., Ltd (廈門建發美酒匯酒業有限公司)	14	—	10	—
Xuzhou Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (徐州紅星美凱龍全球家居生活廣場有限公司)	13	—	—	—
Xiamen International Convention & Exhibition Hotel Co., Ltd. (廈門國際會展酒店有限公司)	52	—	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Shanghai Tianhe Intelligent Technology Co., Ltd. (上海天合智能科技股份有限公司) and its branches	11	–	–	–
Yangzhou Red Star Macalline Global Home Furnishings Plaza Property Co., Ltd. (揚州紅星美凱龍全球家居生活廣場置業有限公司)	8	–	132	–
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	4	–	4	–
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	2	–	2	–
Chengdu Xingyuan Real Estate Co., Ltd (成都星遠置業有限公司)	N/A	N/A	247,705	123,853
Shanghai AI.Pure Intelligent Technology Co., Ltd. (上海智諦智能科技有限公司)	N/A	N/A	765	–
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	–	–	573	–
Changzhou Aegean Ole Business Management Co., Ltd. (常州愛琴海奧萊商業管理有限公司)	–	–	60	–
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) and its subsidiaries	–	–	39	–
Chongqing Jinxiao Xingyue Home Co., Ltd (重慶金曉星悅家居有限公司)	N/A	N/A	30	–
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	N/A	N/A	1	–
	14,706	–	263,521	123,853

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For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Other receivables				
Shanghai Mingyi Enterprise Development Co., Ltd. (上海名藝商業企業發展有限公司)	161,800	8,090	173,000	8,650
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	31,000	–	31,000	–
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	27,072	1,360	27,872	12,991
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	11,095	1,330	4,751	421
Shaanxi Hongrui Home Furnishings Plaza Co., Ltd. (陝西鴻瑞家居生活廣場有限公司)	4,795	301	2,208	198
Shanghai Aegean Business Management Co., Ltd (上海愛琴海商務管理有限公司)	3,265	853	3,265	292
Xuzhou Red Star Macalline Global Home Life Plaza Co., Ltd (徐州紅星美凱龍全球家居生活廣場有限公司)	3,712	233	3,167	284
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	3,474	218	–	–
Xuzhou Red Star Macalline International Furniture & Decoration City Co., Ltd (徐州紅星美凱龍國際家具裝飾城有限公司)	1,646	103	2,151	193
Shanghai Yunshen Intelligent Technology Co., Ltd. (上海雲紳智能科技有限公司)	1,200	1	1,200	1
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	928	45	210	–
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	481	30	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	200	–	213	–
Changzhou Aegean Sea Outlet Commercial Management Co., Ltd (常州愛琴海奧萊商業管理有限公司)	30	2	30	3
Xi'an Red Star Jiaxin Home Furnishing Co., Ltd. (西安紅星佳鑫家居有限公司)	25	–	25	–
Shanghai Red Star Parking Management Co., Ltd (上海紅星停車管理有限公司)	24	2	31	3
Shenzhen Red Star Macalline Century Center Home Furnishing Plaza Company Limited (深圳紅星美凱龍世紀中心家居生活廣場有限公司)	N/A	N/A	5,265	5,265
Yunnan Red Star Macalline Real Estate Co., Ltd. (雲南紅星美凱龍置業有限公司)	N/A	N/A	4,031	4,031
Wuhan Zhengkai Logistics Co., Ltd (武漢市正凱物流有限公司)	–	–	279	25
Shanghai Lianhong Real Estate Development Co., Ltd (上海聯泓房地產開發有限公司)	–	–	244	22
Chongqing Jinke Zhongjun Real Estate Development Co., Ltd. (重慶金科中俊房地產開發有限公司)	N/A	N/A	240	–
Jinan Xinglong Real Estate Development Co., Ltd. (濟南星龍房地產開發有限公司)	N/A	–	100	–
Shanghai Lihao Environmental Protection Technology Co., Ltd. (上海麗浩環保科技有限公司)	–	–	67	6
Chongqing New Beginning Decoration Engineering Co., Ltd (重慶新起點裝飾工程有限公司)	N/A	N/A	10	–
Chongqing Jinxiao Yuehui Home Furnishing Co., Ltd (重慶金曉悅慧家居有限公司)	N/A	N/A	5	–
Zhengzhou Xingbo Real Estate Development Co., Ltd. (鄭州星鉅房地產開發有限公司)	N/A	N/A	3	–
	250,747	12,568	259,367	32,385

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For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Contract assets				
Quzhou Huicheng Ole Business Management Co., Ltd. (衢州市慧城奧萊商業管理有限公司)	198,168	23,503	213,640	11,882
Xi'an Jiahexing Home Furnishing Co. (西安佳和興家居有限責任公司)	82,540	14,583	96,272	11,290
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	42,582	5,050	48,351	2,689
Yancheng Kailong Real Estate Co. (鹽城凱龍置業有限公司)	2,458	292	2,538	141
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	1,028	164	294	16
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	571	149	571	173
Xiangshan Kaisheng Real Estate Co., Ltd. (象山凱勝置業有限公司)	141	17	141	8
Ningbo Huixin Real Estate Co., Ltd (寧波匯鑫置業有限公司)	127	44	127	40
Dalian Xingkai Commercial Management Co., Ltd (大連星凱商業管理有限公司)	46	16	46	15
Yangzhou Xinglong Real Estate Development Co., Ltd. (揚州星龍房地產開發有限公司)	N/A	N/A	40,294	40,294
Shanghai Luochang Enterprise Management Co., Ltd. (上海洛昶企業管理有限公司)	N/A	N/A	3,678	205
Changchun Red Star Macalline Real Estate Development Co., Ltd. (長春紅星美凱龍房地產開發有限公司)	N/A	N/A	2,026	244
Xining Yuanhong Real Estate Development Co., Ltd (西寧遠鴻房地產開發有限公司)	N/A	N/A	182	10
Taiyuan Shuangmingzhikun Real Estate Development Co., Ltd. (太原雙明智坤房地產開發有限公司)	N/A	N/A	129	41
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	N/A	N/A	86	26
	327,661	43,818	408,375	67,074

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For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Loan receivables				
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	593,084	5,931	552,639	5,526
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	29,426	29,426	29,426	29,426
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	5,000	50	5,078	51
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	7,000	70	–	–
	634,510	35,477	587,143	35,003
	2024		2023	
	Book balance RMB'000	Bad debt Allowance RMB'000	Book balance RMB'000	Bad debt Allowance RMB'000
Note receivables				
Zhanjiang Haixinmeikai Investment Co. (湛江市海新美凱投資有限公司)	2,362	–	3,230	–

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For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024 RMB'000	2023 RMB'000
Accounts payable		
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	6,476	15,438
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	9,876	10,291
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	7,200	30,570
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	3,308	3,883
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	1,075	871
Xiamen Convention & Exhibition International Travel Service Co., Ltd. (廈門會展國際旅行社有限公司)	385	–
Shanghai Dijing Catering Management Co., Ltd (上海帝景餐飲管理有限公司)	213	–
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	206	206
Shanghai Shengyu Information Technology Co., Ltd (上海盛域信息技術有限公司)	126	126
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	120	445
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	101	101
Xiamen C&D Hengrong Supply Chain Co. Ltd (廈門建發恒融供應鏈有限公司)	98	–
Xiamen C&D Wine & Spirits Co., Ltd (廈門建發美酒匯酒業有限公司)	94	5
Sunsea Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	38	28
Xiamen C&D International Wine Group Co., Ltd. (廈門建發國際酒業集團有限公司)	22	–
Shanghai Yuanxing Huanyu Real Estate Group Co., Ltd (上海遠星寰宇房地產集團有限公司) and its branches	N/A	2,587
CSBC Cruise Industry Development (Shanghai) Co., Ltd (中船郵輪產業發展(上海)有限公司)	N/A	190
Shanghai C&D Wine Sales Management Co., Ltd (上海建發酒業銷售管理有限公司)	–	35
Xiamen Wuyuan Waterfront Hotel Co., Ltd (廈門市五緣水鄉酒店有限公司)	–	32
	29,338	64,808

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For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024 RMB'000	2023 RMB'000
Other payables		
Xiamen C&D Co., Ltd (廈門建發股份有限公司)	8,677,442	83,437
Sunsea Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	169,458	136
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	136,700	106,776
Xiamen C&D Finance Leasing Co., Ltd (廈門建發融資租賃有限公司)	38,445	–
Xi'an Jiahexing Home Furnishing Co., Ltd (西安佳和興家居有限責任公司)	29,780	52,012
Lianfa Group Co., Ltd (聯發集團有限公司)	20,903	20,903
Chengdu Aige Furniture Co., Ltd, (成都艾格傢俱有限公司)	15,000	–
Shanghai Wanhong Investment Management Co., Ltd. (上海萬鴻投資管理有限公司)	7,500	10,500
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	5,820	–
Xiamen C&D Hengyuan Culture Development Co., Ltd. (廈門建發恒遠文化發展有限公司)	4,265	–
Xingyuan Mei House (Sichuan) Decoration Design Co., Ltd (行遠美宅(四川)裝飾設計有限公司)	1,602	–
Hangzhou Nabel Ceramics Co., Ltd. and its branches (杭州諾貝爾陶瓷有限公司及其分公司)	1,192	1,401
Guangzhou Huoshuyinhua Information Technology Co., Ltd (廣州火數銀花信息科技有限公司)	4,500	2,300
Shanghai Red Star Cloud Computing Technology Co., Ltd. (上海紅星雲計算科技有限公司)	3,231	3,231
Shenzhen Red Star Macalline Business Management Company Limited (深圳紅星美凱龍商業管理有限公司)	1,287	174
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	805	958
Wuhu Minghui Business Management Co., Ltd. (蕪湖明輝商業管理有限公司)	691	1,718
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	733	4,438
Shanghai Jiazhan Construction Engineering Company Limited (上海嘉展建築裝潢工程有限公司)	592	592
Guangzhou Red Star Macalline Expo Home Plaza Co., Ltd. (廣州紅星美凱龍世博家居廣場有限公司)	495	575
Shandong Inzone Green Home Co., Ltd. (山東銀座家居有限公司) and its subsidiaries	426	91,674
Xiamen C&D Warehouse Co., Ltd. (廈門建發倉儲有限公司)	163	–

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For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024 RMB'000	2023 RMB'000
Shanghai Xincheng'an Construction Co., Ltd. (上海鑫誠安建設有限公司)	150	2,345
Baiyi (Wuhan) Automobile Sales Co., Ltd. (柏億(武漢)汽車銷售有限公司)	130	—
Shanghai Lianhong Real Estate Development Co., Ltd (上海聯泓房地產開發有限公司)	129	132
Jining Hongrui Market Management Company Limited (濟寧鴻瑞市場經營管理有限公司)	125	610
Maxxis Intelligent Home (Shenzhen) Co., Ltd. (美時智能家居(深圳)有限公司)	80	80
Xiamen Silber Technology Co., Ltd (廈門絲柏科技有限公司)	52	52
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	50	50
METRO (Shanghai) Building Technology Co., Ltd (美宅(上海)建築科技有限公司)	50	50
Anka Household Products (Shanghai) Co., Ltd. (金咖家居用品(上海)有限公司)	50	50
Changzhou Red Star Furniture General Factory Co., Ltd. (常州市紅星傢俱總廠有限公司)	42	42
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材(北京)建築材料有限公司)	40	40
Jiangsu Baili Aijia Home Technology Co., Ltd. (江蘇佰麗愛家家居科技有限公司)	31	95
Shanghai Tianhe Intelligent Technology Co., Ltd. (上海天合智能科技股份有限公司) and its branches	27	27
Hangzhou Feishi Bath & Kitchen Products Co., Ltd. (杭州菲氏浴廚用品有限公司)	20	20
Xiamen C&D Hengrong Supply Chain Co. Ltd (廈門建發恒融供應鏈有限公司)	16	—
Beijing Allgf Cultural and Scientific Consultation Co., Ltd. (北京國富縱橫文化科技諮詢股份有限公司)	15	15
Yangzhou Kailong Consulting Co., Ltd. (揚州凱龍管理諮詢有限公司)	12	12
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	11	51

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For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024 RMB'000	2023 RMB'000
Business Division of Nanjing Pukou Lilicheng Furniture (南京市浦口區立力成傢俱經營部)	5	5
Red Star Macalline Holdings Group Limited (紅星美凱龍控股集團有限公司)	–	76,175
Shanghai Macalline Property Management Service Co., Ltd. (上海美凱龍物業管理服務有限公司) and its subsidiaries and branches	–	75,892
Shenzhen Red Star Macalline Home Furnishing Plaza Company Limited (深圳紅星美凱龍家居生活廣場有限公司)	–	35,323
Shengbao (Shanghai) Intelligent Technology Co., Ltd. (晟葆(上海)智能科技有限公司)	–	240
Chongqing Ocean Red Star Enterprise Development Co., Ltd (重慶遠洋紅星企業發展有限公司)	N/A	200
Shanghai Xinglong Real Estate Development Co., Ltd (上海星龍房地產開發有限公司)	N/A	186
Nanjing Oculus Home Furnishing Co., Ltd (南京歐凱龍家居有限公司)	N/A	102
Chen Shuhong (陳淑紅)	–	32
Shenzhen Crowe Horizontal Industry & Education Technology Co., Ltd (深圳國富縱橫產教科技有限公司)	–	24
Shanghai Huojing Business Management Company Limited (上海或京商業管理有限公司) and its branches	N/A	140
Shanghai Yuanxing Huanyu Real Estate Group Co., Ltd (上海遠星寰宇房地產集團有限公司) and its branches	N/A	463
CSSC Cruise Industry Development (Shanghai) Co., Ltd. (中船郵輪產業發展(上海)有限公司)	N/A	5
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	–	1
	9,122,065	573,284

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For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024 RMB'000	2023 RMB'000
Bills payables		
Pu Fa (Shanghai) E-commerce Co., Ltd. (璞發(上海)電子商務有限公司)	43,877	—
Rental and service fee received in advance		
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	428	269
Xiamen C&D Warehouse Co., Ltd. (廈門建發倉儲有限公司)	360	—
Shanghai Weilaishi Decoration Technology Company Limited (上海威來適裝飾科技有限公司)	196	—
Billion (Wuhan) Automobile Sales Co., Ltd. (柏億(武漢)汽車銷售有限公司)	138	—
Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司) and other companies substantially related to the Alibaba Group	133	105
Xiamen C&D Living Technology Co., Ltd. (廈門建發居住科技有限公司)	36	—
Super Smart Home (Shanghai) Internet of Things Technology Co., Ltd. (超級智慧家(上海)物聯網科技有限公司)	56	337
Asia New Materials (Beijing) Building Materials Co., Ltd. (亞細亞新材料(北京)建築材料有限公司)	3	3
Nanjing Oukailong Home Furnishing Co., Ltd (南京歐凱龍家居有限公司)	N/A	166
Changzhou Longyao Equity Investment Management Co., Ltd (常州龍耀股權投資管理有限公司)	—	6
	1,350	886

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51. RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024 RMB'000	2023 RMB'000
Contract liabilities		
Xiamen C&D Living Materials Co., Ltd. (廈門建發生活資材有限責任公司)	2,673	–
Wuhan Zhengkai Logistics Co., Ltd. (武漢市正凱物流有限公司)	1,952	1,952
Zhanjiang Haixin Meikai Investment Co., Ltd. (湛江市海新美凱投資有限公司)	1,226	58
Hangzhou Nabel Ceramics Co., Ltd. (杭州諾貝爾陶瓷有限公司) and its branches	902	2,716
Shanghai Zhaomin Real Estate Development Co., Ltd. (上海兆閔房地產開發有限公司)	301	–
Maxis Intelligent Home (Shenzhen) Co., Ltd. (美時智能家居(深圳)有限公司)	264	642
Tianjin Macalline Real Estate Co., Ltd. (天津美凱龍置業有限公司)	75	75
Xiamen Jianyu Industry Co., Ltd. (廈門建宇實業有限公司)	46	–
Suzhou Supin Home Culture Co., Ltd. (蘇州市蘇品宅配文化有限公司)	31	31
Dream Maker Home (Shenzhen) Co., Ltd. (造夢者家居(深圳)有限公司)	30	30
Shanghai CTME Economy & Trade Development Co., Ltd. (上海中貿美凱龍經貿發展有限公司)	21	22
Shanghai Hongmei Real Estate Co., Ltd. (上海洪美置業有限公司)	15	16
Sunsea Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	–	39,261
Shanghai Qiaotong Enterprise Management Co., Ltd. (上海喬彤企業管理有限公司)	–	2,939
Anka Household Products (Shanghai) Co., Ltd. (安咖家居用品(上海)有限公司)	–	604
Hengshui Xinglong Real Estate Development Co., Ltd. (衡水星龍房地產開發有限公司)	–	448
Liuzhou Red Star Macalline Real Estate Co., Ltd. (柳州紅星美凱龍置業有限公司)	N/A	382
Huai'an Xinmeilong Real Estate Co., Ltd. (淮安新美龍置業有限公司)	N/A	217
Chengdu Dongtai Shopping Mall Company Limited (成都東泰商城有限公司)	–	28
Ningbo Kailong Property Company Limited (寧波凱龍置業有限公司)	–	6
	7,536	49,427

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

51.RELATED PARTY TRANSACTIONS (continued)

2. Amounts due from/to related parties (continued)

	2024 RMB'000	2023 RMB'000
Lease liabilities		
Changzhou Red Star Home Furnishing City (常州市紅星裝飾城)	–	5,820
	2024 RMB'000	2023 RMB'000
Amounts due to partners		
Wuhu Red Star Macalline Equity Investment Fund Management Company Limited (蕪湖紅星美凱龍股權投資基金管理有限公司)	9,800	9,800
	2024 RMB'000	2023 RMB'000
Other non-current liabilities		
Sunsea Parking Holdings Limited (陽光海天停車控股有限公司) and its subsidiaries	–	165,113
	2024 RMB'000	2023 RMB'000
Short-term Loans		
Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司)	195,276	2,196,550

3. Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Company and other key management of the Group. The key management personnel compensation are as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	20,963	19,081
Retirement benefit contributions	1,169	1,087
Performance related incentive payments	3,303	958
	25,435	21,126

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

52. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
As at 31 December 2022		
ASSETS		
Non-current assets		
Property, plant and equipment	48,853	50,353
Right-of-use assets	1,504,370	1,629,734
Intangible assets	28,360	49,366
Interests in subsidiaries	22,488,483	21,013,921
Interests in associates	896,534	879,676
Interests in joint ventures	912,578	1,010,958
Financial instruments at fair value through profit or loss	524,824	520,050
Financial instruments at fair value through other comprehensive income	534,967	1,288,316
Deferred tax assets	1,223,280	730,270
Restricted bank deposits	–	–
Loan receivables	5,759	216,616
Deposits and prepayment	958,750	1,042,341
Total non-current assets	29,126,758	28,431,601
Current assets		
Inventories	3,830	4,606
Loan receivables	1,080,898	1,252,552
Financial instruments at fair value through profit or loss	100,107	81,112
Account receivables	93,174	172,003
Contract assets	9,684	21,768
Deposits, prepayment and other receivables	30,479,813	34,673,036
Bank balance and cash	371,769	284,265
Total current assets	32,139,275	36,489,342
Total assets	61,266,033	64,920,943

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

52. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2024 RMB'000	2023 RMB'000
Current liabilities		
Trade and other payables	30,460,883	27,594,967
Rental and service fee received in advance	47,991	49,362
Contract Liabilities	383,299	550,992
Tax payables	–	455,227
Bank and other borrowings	3,567,513	7,493,342
Lease liabilities	150	167,521
Bonds	1,790,841	–
Other current liabilities	72,908	73,277
Total current liabilities	36,323,585	36,384,688
Non-current liabilities		
Bank and other borrowings	1,461,824	1,767,923
Bonds	1	1,758,513
Lease liabilities	1,453,412	1,545,774
Other payables	85,469	109,810
Deferred income	–	28
Other non-current liabilities	705,692	778,600
Contract Liabilities	235,765	250,182
Total non-current liabilities	3,942,163	6,210,830
NET ASSETS	21,000,285	22,325,425
Equity		
Share capital	4,354,733	4,354,733
Reserves	16,645,552	17,970,692
Total equity	21,000,285	22,325,425

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

53. RESERVES OF THE COMPANY

	Attributable to shareholders of Company						
	Share capital RMB'000	Capital reserve RMB'000	Treasury shares RMB'000	Fair value through other comprehensive income reserve RMB'000	Surplus reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
As at 1 January 2024	4,354,733	8,462,137	(5,003)	300,644	2,113,914	7,099,000	22,325,425
Profit for the year	-	-	-	-	-	(901,586)	(901,586)
Fair value change	-	-	-	(423,554)	-	-	(423,554)
Total comprehensive loss for the year	-	-	-	(423,554)	-	(901,586)	(1,325,140)
Disposal of financial instruments at FVOCI	-	-	-	(132,434)	-	132,434	-
As at 31 December 2024	4,354,733	8,462,137	(5,003)	(255,344)	2,113,914	6,329,848	21,000,285

	Attributable to shareholders of Company						
	Share capital RMB'000	Capital reserve RMB'000	Treasury shares RMB'000	Fair value through other comprehensive income reserve RMB'000	Surplus reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
As at 1 January 2023	4,354,733	8,162,137	(5,003)	575,252	2,113,914	8,143,261	23,344,294
Loss for the year	-	-	-	-	-	(782,316)	(782,316)
Fair value change	-	-	-	(188,258)	-	-	(188,258)
Total comprehensive loss for the year	-	-	-	(188,258)	-	(782,316)	(970,574)
Contribution from a shareholder	-	300,000	-	-	-	-	300,000
Dividend paid	-	-	-	-	-	(348,295)	(348,295)
Disposal of financial instruments at FVOCI	-	-	-	(86,350)	-	86,350	-
As at 31 December 2023	4,354,733	8,462,137	(5,003)	300,644	2,113,914	7,099,000	22,325,425

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

54. SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Changsha Red Star Macalline Shibo Home Furnishing Plaza Company Limited (長沙紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Global Home Design Expo Company Limited (上海紅星美凱龍環球家居設計博覽有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	97	97
Hangzhou Red Star Macalline Shibo Furniture Plaza Company Limited (杭州紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB230,000 Paid up capital RMB230,000	100	100
Shanghai Red Star Macalline Brand Management Company Limited (上海紅星美凱龍品牌管理有限公司)	Brand management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Chongqing Red Star Macalline Global Home Furnishing Plaza Company Limited (重慶紅星美凱龍環球家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Wuhan Red Star Macalline Shibo Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍世博家居廣場發展有限公司)	Site leasing management	PRC	Registered RMB552,879 Paid up capital RMB552,879	100	100
Beijing Xingkai Jingzhou Furniture Plaza Company Limited (北京星凱京洲家具廣場有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	51	51
Shanghai Red Star Macalline Home Furnishing Design Expo Company Limited (上海紅星美凱龍家居藝術設計博覽有限公司)	Site leasing management	PRC	Registered RMB445,000 Paid up capital RMB445,000	100	100
Shanghai Red Star Macalline Global Home Furnishing Market Management Company Limited (上海紅星美凱龍全球家居市場經營管理有限公司)	Market company	PRC	Registered RMB500 Paid up capital RMB500	100	100

Notes to the Consolidated Financial Statements

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Yantai Red Star Macalline Home Furnishing Company Limited (煙台紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB175,000 Paid up capital RMB175,000	100	100
Shenyang Mingdu Home Furnishing Plaza Company Limited (瀋陽名都家居廣場有限公司)	Site leasing management	PRC	Registered RMB255,000 Paid up capital RMB255,000	100	100
Beijing Century Europe and America Business Investment Company Limited (note 1(ii)) (北京世紀歐美商業投資有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	80	80
Chongqing Red Star Macalline Expo Home Furnishing Plaza Company Limited (重慶紅星美凱龍博覽家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB280,000 Paid up capital RMB280,000	100	100
Changsha Yinhong Home Furnishing Company Limited (長沙市銀紅家居有限公司)	Site leasing management	PRC	Registered RMB250,000 Paid up capital RMB250,000	100	100
Shanghai Jingdu Investment Company Limited (上海晶都投資有限公司)	Investment management	PRC	Registered RMB10,000 Paid up capital RMB10,000	51	51
Tianjin Red Star Macalline Home Living and Decorating Plaza Company Limited (天津紅星美凱龍家居傢飾生活廣場有限公司)	Site leasing management	PRC	Registered RMB424,879 Paid up capital RMB424,879	100	100
Panjin Red Star Macalline Global Home Furnishings Plaza Co., Ltd. (盤錦紅星美凱龍全球家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB210,000 Paid up capital RMB210,000	100	100
Shanghai Red Star Macalline Business Consulting Company Limited (上海紅星美凱龍商務諮詢有限公司)	Investment management	PRC	Registered RMB1,000 Paid up capital RMB1,000	65	65
Shenyang Red Star Macalline Home Furnishing Company Limited (瀋陽紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Shanghai Red Star Macalline Trading Company Limited (上海紅星美凱龍商貿有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Harbin Red Star Macalline Shibo Furniture Plaza Company Limited (哈爾濱紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB310,000 Paid up capital RMB310,000	100	100
Shanghai Xingjia Decoration and Building Materials Company Limited (上海星家裝飾建材有限公司)	Construction material markets	PRC	Registered RMB90,000 Paid up capital RMB90,000	100	100
Chongqing Red Star Macalline Zhongkun Home Living Plaza Company Limited (重慶紅星美凱龍中坤家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Zhongshan Red Star Macalline Shibo Furniture Plaza Company Limited (中山紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB149,939 Paid up capital RMB149,939	100	100
Shenyang Dadong Red Star Macalline Home Furnishing Company Limited (瀋陽大東紅星美凱龍家具建材市場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Xi'an Red Star Macalline Home Furnishing Plaza Company Limited (西安紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB200,000 Paid up capital RMB40,000	75	75
Daqing Red Star Macalline Shibo Furniture Plaza Company Limited (大慶紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Beijing Red Star Macalline Furnishing Market Company Limited (北京紅星美凱龍家居市場有限公司)	Brand management	PRC	Registered RMB2,000 Paid up capital RMB2,000	100	100
Wuhan Red Star Macalline Global Home Furnishing Plaza Development Company Limited (武漢紅星美凱龍環球家居廣場發展有限公司)	Site leasing management	PRC	Registered RMB149,939 Paid up capital RMB149,939	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Beijing Century Kailong Business Investment Company Limited (北京世紀凱隆商業投資有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Red Star Ogloria Home Living Market Management Company Limited (上海紅星歐麗洛雅家居市場經營管理有限公司)	Market company	PRC	Registered RMB500 Paid up capital RMB500	100	100
Hefei Red Star Macalline Shibo Furniture Plaza Company Limited (合肥紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB349,848 Paid up capital RMB349,848	100	100
Nanjing Red Star Macalline International Home Furnishing Company Limited (南京紅星美凱龍國際家居有限責任公司)	Site leasing management	PRC	Registered RMB764,017 Paid up capital RMB764,017	100	100
Shanghai Red Star Macalline Yijia Home Decorating Company Limited (上海紅星美凱龍億家裝飾工程有限公司)	Home design	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Shanghai Xingyi Tonghui Business Service Company Limited (上海星易通匯商務服務有限公司)	Commercial service	PRC	Registered RMB45,000 Paid up capital RMB45,000	100	100
Shanghai Hongmei E-commerce Company Limited (上海紅星美凱龍家品會電子商務有限公司)	E-commerce	PRC	Registered RMB18,400 Paid up capital RMB18,400	100	100
Tianjin Red Star Macalline International Home Furnishing Expo Company Limited (天津紅星美凱龍國際家居博覽有限公司)	Site leasing management	PRC	Registered RMB314,286 Paid up capital RMB314,286	65	65
Tianjin Red Star Macalline World Trade Home Furnishing Company Limited (天津紅星美凱龍世貿家居有限公司)	Site leasing management	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Harbin Red Star Macalline International Home Furnishing Company Limited (哈爾濱紅星美凱龍國際家居有限公司)	Site leasing management	PRC	Registered RMB349,818 Paid up capital RMB349,818	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Changchun Red Star Macalline Shibo Home Living Plaza Company Limited (長春紅星美凱龍世博家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB68,000 Paid up capital RMB68,000	100	100
Red Star Macalline Home Furnishing Mall Management Company Limited (紅星美凱龍家居商場管理有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Yangzhou Red Star Macalline International Home Furnishing Plaza Company Limited (揚州紅星美凱龍國際家居廣場有限公司)	Brand management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Shanghai Red Star Macalline Longmei Home Furnishing Market Management Company Limited (上海紅星美凱龍美家居市場經營管理有限公司)	Market company	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Shenyang Red Star Macalline Shibo Home Furnishing Company Limited (瀋陽紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB46,757 Paid up capital RMB46,757	100	100
Shanghai Red Star Macalline Bulk Purchasing of Construction and Furnishing Materials Trading Company Limited (上海紅星美凱龍住建集採商貿有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Lanzhou Red Star Macalline Shibo Furniture Plaza Company Limited (蘭州紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Shanghai Jisheng Wellborn Global Home Furnishing Brand Management Company Limited (上海吉盛偉邦環球家居品牌管理有限公司)	Management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB5,000	100	100

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For the year ended 31 December 2024

54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Shanghai Red Star Macalline Home Decorating and Furnishing Market Management Company Limited (上海紅星美凱龍裝飾家居市場經營管理有限公司)	Brand management	PRC	Registered RMB500 Paid up capital RMB500	100	100
Shanghai Red Star Macalline Network Technology Company Limited (上海紅星美凱龍網絡技術有限公司)	E-commerce	PRC	Registered RMB30,000 Paid up capital RMB12,500	100	100
Shanghai Red Star Macalline Decorating Public Network Technology Company Limited (上海紅星美凱龍裝修公網絡技術有限公司)	E-commerce	PRC	Registered RMB30,000 Paid up capital RMB4,000	100	100
Yunnan Red Star Macalline Home Furnishing Plaza Company Limited (雲南紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	87	87
Urumchi Red Star Macalline Shibo Furniture Plaza Company Limited (烏魯木齊紅星美凱龍家居世博廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Dongguan Red Star Macalline Shibo Furniture Plaza Company Limited (東莞紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Shanghai Anjia Network Technology Company Limited (上海安家網絡科技有限公司)	E-commerce	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Shanghai Hongmei Network Technology Company Limited (上海紅美網絡科技有限公司)	E-commerce	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Chengdu Red Star Ogloria Brand Management Company Limited (成都紅星歐麗洛雅品牌管理有限公司)	Brand management	PRC	Registered RMB100,000 Paid up capital RMB1,000	100	100
Shanghai Red Star Macalline Assets Management Company Limited (上海紅星美凱龍資產管理有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Shanghai Xinghe Zhaipei Home Furnishing Service Company Limited (上海星和宅配家居服務有限公司)	Home design	PRC	Registered RMB38,000 Paid up capital RMB38,000	100	100
Shanghai Red Star Macalline Xinglong Home Furnish Company Limited (上海紅星美凱龍星龍家居有限公司)	Site leasing management	PRC	Registered RMB39,000 Paid up capital RMB39,000	100	100
Red Star Macalline Chengdu Business Management Company Limited (紅星美凱龍成都商業管理有限公司)	Management and consultancy	PRC	Registered RMB505,000 Paid up capital RMB5,000	100	100
Red Star Macalline Chengdu Enterprise Management Consulting Company Limited (紅星美凱龍成都企業管理諮詢有限公司)	Management and consultancy	PRC	Registered RMB505,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Kaiheng Household Company Limited (上海紅星美凱龍楷恒家居有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB0	100	100
Changsha Red Star Macalline Jinxia Home Living Plaza Company Limited (長沙紅星美凱龍金霞家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB120,000 Paid up capital RMB120,000	100	100
Nanchang Red Star Macalline Global Home Furnishing Plaza Company Limited (南昌紅星美凱龍全球家居廣場有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	51	51
Kunming Red Star Macalline Shibo Home Furnishing Plaza Company Limited (昆明紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	87	87
Chongqing Red Star Macalline International Home Furnishing Plaza Company Limited (重慶紅星美凱龍國際家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB121,000 Paid up capital RMB121,000	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Shanghai Jinshan Red Star Macalline Global Home Furnishing Company Limited (上海金山紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB25,000 Paid up capital RMB25,000	100	100
Xi'an Red Star Macalline Shibo Home Furnishing Company Limited (西安紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Chengdu Red Star Macalline Tianfu Expo Home Furnishing Plaza Company Limited (成都紅星美凱龍天府世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Chengdu Tianfu New District Red Star Macalline World Trade Home Furnishing Company Limited (成都天府新區紅星美凱龍世貿家居有限公司)	Site leasing management	PRC	Registered RMB210,000 Paid up capital RMB210,000	100	100
Hong Kong Red Star Macalline Global Home Furnishing Company Limited (香港紅星美凱龍全球家居有限公司)	Investment management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Shanghai Red Star Macalline Yuejia Network Technology Company Limited (上海紅星美凱龍悅家互聯網科技有限公司)	E-commerce	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Shanghai Jiajinsuo Investment Holding Company Limited (上海家金所投資控股有限公司)	Investment management	PRC	Registered RMB200,000 Paid up capital RMB140,000	100	100
Zhengzhou Juankai Enterprise Management Consultation Company Limited (鄭州雋鑑企業管理諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB2,650,000 Paid up capital RMB2,650,000	100	100
Red Star Zhongying Investment Company Limited (紅星眾盈投資有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Macalline Xinghe Asset Management Company Limited (上海美凱龍星荷資產管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Shanghai Yumu Enterprise Management Company Limited (上海宇慕企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Yuxv Enterprise Management Company Limited (上海宇煦企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Yuzhu Enterprise Management Company Limited (上海宇築企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Yuxiao Enterprise Management Company Limited (上海宇霄企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Xining Red Star Macalline Shibo Home Furnishing Plaza Company Limited (西寧紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB180,000 Paid up capital RMB180,000	100	100
Red Star Macalline Enterprise Management and Consultancy Company Limited (紅星美凱龍企業管理諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Red Star Ogloria Enterprise Management Company Limited (紅星歐麗洛雅企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Khorgos Red Star Macalline Business Management Company Limited (霍爾果斯紅星美凱龍商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Fanju Network Technology Company Limited (上海泛居網絡科技有限公司)	Network technology	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Shanghai Red Star Macalline Information Technology Company Limited (上海紅星美凱龍信息科技有限公司)	Investment management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Red Star Macalline Group Finance Company Limited (紅星美凱龍家居集團財務有限責任公司)	Loan service	PRC	Registered RMB600,000 Paid up capital RMB600,000	100	100
Shanghai Red Star Macalline International Trading Company Limited (上海紅星美凱龍國際貿易有限公司)	Import and export	PRC	Registered RMB5,000 Paid up capital RMB0	55	55
Hainan Hongju Enterprise Management Co., Ltd. (海南紅居企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Chengdu Red Star Macalline Xinnan Business Management Company Limited (成都紅星美凱龍新南商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Khorgos Yarui Venture Capital Company Limited (霍爾果斯雅睿創業投資有限公司)	Investment management	PRC	Registered RMB30,000 Paid up capital RMB0	90	90
Shanghai Red Star Ogioria Brand Management Company Limited (上海紅星歐麗洛雅品牌管理有限公司)	Brand management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Khorgos Red Star Yiming Venture Capital Company Limited (霍爾果斯紅星易鳴創業投資有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB10,000	90	90

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Shanghai Betterhome Industrial Company Limited (上海家倍得實業有限公司)	Construction decoration	PRC	Registered RMB2,000 Paid up capital RMB0	68	68
Shanghai Kaichun Investment Management Company Limited (上海凱淳投資管理有限公司)	Investment management	PRC	Registered RMB50,000 Paid up capital RMB15,000	100	100
Kunshan Red Star Macalline Decoration Materials Company Limited (昆山紅星美凱龍裝飾材料有限公司)	Site leasing management	PRC	Registered RMB139,622 Paid up capital RMB139,622	100	100
Tianjin Jinrui Corporate Management Company Limited (天津津瑞企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB712,870 Paid up capital RMB712,870	100	100
Chongqing Xingkaike Home Furnishing Company Limited (重慶星凱科家居有限公司)	Site leasing management	PRC	Registered RMB681,909 Paid up capital RMB671,909	100	100
Shanghai Ozing Digital Technology Company Limited (上海好記星數碼科技有限公司)	Warehouse logistics	PRC	Registered RMB135,226 Paid up capital RMB135,226	100	100
Chongqing Red Star Ogloria Home Furnishing Company Limited (重慶紅星歐麗洛雅家居有限公司)	Site leasing management	PRC	Registered RMB340,000 Paid up capital RMB340,000	100	100
Shanghai Red Star Macalline Design Cloud Information Technology Company Limited (上海紅星美凱龍設計雲信息科技有限公司)	Information science and technology development	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Beimei Logistics Company Limited (上海倍美物流有限公司)	Warehouse logistics	PRC	Registered RMB60,000 Paid up capital RMB58,000	100	100
Shanghai Red Star Macalline Exhibition service Company Limited (上海紅星美凱龍展覽服務有限公司)	Exhibition services	PRC	Registered RMB5,000 Paid up capital RMB2,250	55	55

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Taiyuan Red Star Macalline Global Home Furnishing Plaza Company Limited (太原紅星美凱龍全球家居廣場有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	51	51
Jilin Red Star Macalline Logistics Company Limited (吉林紅星美凱龍物流有限公司)	Warehouse logistics	PRC	Registered RMB40,000 Paid up capital RMB40,000	100	100
Shanghai Mengsheng Industrial Company Limited (上海夢晟實業有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB0	100	100
Shanghai Red Star Macalline Construction and Decoration Design Company Limited (上海紅星美凱龍住建裝配設計有限公司)	Home design	PRC	Registered RMB5,000 Paid up capital RMB3,500	100	100
Shanghai Red Star Macalline Installation of Construction and Furnishing Materials Technology Company Limited (上海紅星美凱龍住建裝配科技有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Zhengzhou Red Star Macalline Shibo Home Living Company Limited (鄭州紅星美凱龍世博家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB10,000	55	55
Nantong Hongmei Shibo Home Furnishing Plaza Company Limited (南通紅美世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB150,000 Paid up capital RMB150,000	100	100
Nanning Red Star Macalline Shibo Home Furnishing Exhibition Centre Company Limited (南寧紅星美凱龍世博家居展覽中心有限公司)	Exhibition services	PRC	Registered RMB305,000 Paid up capital RMB305,000	100	100
Shanghai Hongyue Logistics Company Limited (上海宏岳物流有限公司)	Warehouse logistics	PRC	Registered RMB63,000 Paid up capital RMB63,000	60	60
Ganzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (贛州紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Zhejiang Xingzhuo Decoration Company Limited (浙江星卓裝飾有限公司)	Construction decoration	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Nanchang Red Star Macalline Global Home Expo Center Company Limited (南昌紅星美凱龍環球家居博覽中心有限責任公司)	Site leasing management	PRC	Registered RMB365,000 Paid up capital RMB365,000	100	100
Tianjin Red Star Macalline Supply Chain Management Company Limited (天津紅星美凱龍供應鏈管理有限公司)	Supply chain management	PRC	Registered RMB63,000 Paid up capital RMB63,000	60	60
Shanghai Banlong Business Management Company Limited (上海阪龍商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB0	100	100
Nantong Longmei International Home Furnishing Company Limited (南通龍美國際家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB0	100	100
Beijing Xingmei Yongsheng Information Consultation Company Limited (北京星美永盛信息諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	70	70
Shanghai Guixv Enterprise Management Company Limited (上海歸翹企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB2,000 Paid up capital RMB2,000	100	100
Red Star Macalline Life Aesthetics Center Management Company Limited (紅星美凱龍生活美學中心管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB23,730	95	95

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For the year ended 31 December 2024

54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Shanghai Red Star Macalline Home Decorating Company Limited (上海美凱龍裝飾工程集團有限公司)	Construction decoration	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Shijiazhuang Bochen Industrial Company Limited (石家莊博宸實業有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB0	100	100
Wuhu Red Star Macalline World Trade Home Furnishing Plaza Company Limited (蕪湖紅星美凱龍世貿家居廣場有限公司)	Site leasing management	PRC	Registered RMB96,000 Paid up capital RMB96,000	100	100
Betterhome Construction Technology Company Limited (家倍得建築科技有限公司)	Construction decoration	PRC	Registered RMB200,000 Paid up capital RMB194,000	90	90
Guangzhou Red Star Macalline Market Management Company Limited (廣州紅星美凱龍市場經營管理有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB0	100	100
Haikou Red Star Macalline Global Home Furnishing Company Limited (海口紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Hong Kong Red Star Macalline Business Management Company Limited (香港紅星美凱龍商業管理有限公司)	Enterprise management and consultancy	Hong Kong	Registered USD5,000 Paid up capital USD5,000	100	100
Shanghai Jianliu Enterprise Management Co., Ltd (上海簡柳企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Macalline Aesthetic Decoration Engineering Company Limited (上海美凱龍美學裝飾工程有限公司)	Construction decoration	PRC	Registered RMB7,500 Paid up capital RMB7,500	80	80

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For the year ended 31 December 2024

54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Red Star Global Holdings Limited	Others	British Virgin Islands	Registered USD50 Paid up capital USD50	100	100
Taiyuan Red Star Macalline Shimao Home Furnishing Company Limited (太原紅星美凱龍世貿家居廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB0	60	60
Suzhou Xingtong Enterprise Management Consultation Company Limited (宿州星通企業管理諮詢有限公司)	Enterprise management and consultancy	PRC	Registered RMB1,000 Paid up capital RMB0	100	100
Shanghai Enliu Enterprise Management Co., Ltd (上海蔥柳企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Bencheng Enterprise Management Company Limited (上海賽程企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Foshan Junda Enterprise Management Co., Ltd. (佛山郡達企業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB668,900 Paid up capital RMB668,900	100	100
Shanghai Red Star Macalline Home Furnishing Company Limited (上海紅星美凱龍星家居用品有限公司)	Proprietary sales	PRC	Registered RMB20,000 Paid up capital RMB17,000	54	54
Kunshan Red Star Macalline Global Home Furnishing Company Limited (昆山紅星美凱龍全球家居有限公司)	Brand management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Beijing Red Star Macalline Business Management Company Limited (北京紅星美凱龍企業經營管理有限公司)	Brand management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Quzhou Red Star Macalline Shibo Market Management Service Company Limited (衢州紅星美凱龍世博市場管理服務有限公司)	Brand management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Suzhou Red Star Macalline Shibo Home Furnishing Plaza Company Limited (蘇州紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	60	60
Chongqing Liangjiang New Area Red Star Macalline Business Management Company Limited (重慶兩江新區紅星美凱龍商業管理有限公司)	Management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB0	100	100
Shanghai Macalline Wenshang Business Management Co., Ltd. (上海美凱龍文商商務企業管理有限公司)	Management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB7,300	100	100
Red Star Macalline Commercial Management Co., Ltd. (紅星美凱龍商業經營管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB20,000	100	100

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For the year ended 31 December 2024

54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Red Star Macalline Management Consulting Service Co., Ltd. (紅星美凱龍管理諮詢服務有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Beijing Yingchuang Shixun Technology Co., Ltd. (北京盈創時訊科技有限公司)	E-commerce	PRC	Registered RMB1,000 Paid up capital RMB0	100	100
Jade AG Logistics Investment (Hong Kong) Limited	Enterprise management and consultancy	Hong Kong	Registered HKD10 Paid up capital HKD10	100	100
Hefei Aiguang Logistics Co., Ltd. (合肥愛廣物流有限公司)	Warehouse logistics	PRC	Registered RMB120,000 Paid up capital RMB60,000	100	100
Shanghai Red Star Macalline Technology Development Co., Ltd. (上海紅星美凱龍科技發展有限公司)	Home design	PRC	Registered RMB60,000 Paid up capital RMB60,000	80	80
Shanghai Macalline Home Furnishing Technology Co., Ltd. (上海美凱龍美居科技有限公司)	Home design	PRC	Registered RMB200,000 Paid up capital RMB0	80	80
Chengdu Red Star Macalline Global Home Furnishing Company Limited (成都紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	63	63

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Huaihua Xingxin Commercial Management Co., Ltd. (懷化星欣商業管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB5,000 Paid up capital RMB0	100	100
Xiamen Red Star Macalline Expo Home Furnishing Plaza Co., Ltd. (廈門紅星美凱龍博覽家居廣場有限公司)	Home design	PRC	Registered RMB30,000 Paid up capital RMB0	100	100
Hangzhou Red Star Macalline Global Home Living Company Limited (杭州紅星美凱龍環球家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Hangzhou Weiliang Electromechanical Hardware Market Co., Ltd. (杭州偉量機電五金市場有限公司)	Site leasing management	PRC	Registered RMB244,368 Paid up capital RMB244,368	100	100
Shaanxi Red Star Heji Home Shopping Plaza Company Limited (陝西紅星和記家居購物廣場有限公司)	Site leasing management	PRC	Registered RMB406,135 Paid up capital RMB377,257	88	88
Shanghai Xinwei Property Company Limited (上海新偉置業有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	98	98
Zhengzhou Red Star Macalline Global Home Living Plaza Management Company Limited (鄭州紅星美凱龍全球家居生活廣場經營管理有限公司)	Site leasing management	PRC	Registered RMB1,000 Paid up capital RMB1,000	60	60
Shanghai Red Star Macalline Building Design Company Limited (上海紅星美凱龍建築設計有限公司)	Engineering design	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100

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For the year ended 31 December 2024

54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Wuxi Red Star Macalline Home Living Plaza Company Limited (無錫紅星美凱龍家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB534,818 Paid up capital RMB534,818	100	100
Langfang Kaihong Home Living Plaza Company Limited (廊坊市凱宏家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Shanghai Macalline Smart Decoration Technology Co., Ltd. (上海美凱龍智裝科技有限公司)	Home design	PRC	Registered RMB100,000 Paid up capital RMB76,316	68	68
Hohhot Red Star Macalline Shibo Home Furnishing Plaza Company Limited (呼和浩特市紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Kunming Diken Trading Company Limited (昆明迪肯商貿有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	63	63
Suzhou Industry Park Red Star Macalline Home Furnishing Company Limited (蘇州工業園區紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB100,000 Paid up capital RMB100,000	55	55
Shanghai Xingyijia Business Management Co., Ltd. (上海星藝佳商業管理有限公司)	Management and consultancy	PRC	Registered RMB10,000 Paid up capital RMB0	100	100
Ningbo Red Star Macalline Home Shopping Plaza Company Limited (寧波紅星美凱龍家居購物廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	100	100
Shanghai Zengmin Enterprise Management Company Limited (上海增敏企業管理有限公司)	Management and consultancy	PRC	Registered RMB100 Paid up capital RMB100	100	100
Dalian Red Star Macalline Shibo Home Furnishing Plaza Company Limited (大連紅星美凱龍世博家居廣場有限公司)	Site leasing management	PRC	Registered RMB40,000 Paid up capital RMB40,000	62	62

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Yongqing Yintong Construction and Development Co., Ltd. (永清銀通建設開發有限公司)	Industrial investment	PRC	Registered RMB50,000 Paid up capital RMB50,000	70	70
Yongqing Yintai Future Land Construction and Development Co., Ltd. (永清銀泰新城建設開發有限公司)	Industrial investment	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Suzhou Xingfeng Enterprise Management Consultation Company Limited (宿州市星豐企業管理諮詢有限公司)	Site leasing management	PRC	Registered RMB85,000 Paid up capital RMB85,000	100	100
Xiamen Red Star Macalline Home Furnishing Plaza Company Limited (廈門紅星美凱龍家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Changzhou World Furniture and Home Plaza Co., Ltd. (常州世界家具家居廣場有限公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Wuxi Red Star Macalline International Home Furnishing Company Limited (無錫紅星美凱龍國際家具裝飾有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Lianyungang Red Star Macalline International Home Furnishing Plaza Company Limited (連雲港紅星美凱龍國際家居廣場有限公司)	Site leasing management	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Nanjing Red Star International Home Furnishing Mall Company Limited (南京紅星國際家具裝飾城有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)	Site leasing management	PRC	Registered RMB80,000 Paid up capital RMB80,000	100	100
Shanghai Red Star Macalline Decorative Furniture Mall Company Limited (上海紅星美凱龍裝飾家具城有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	97	97
Shanghai Red Star Macalline Global Home Furnishing Company Limited (上海紅星美凱龍全球家居有限公司)	Site leasing management	PRC	Registered RMB150,000 Paid up capital RMB150,000	100	100
Shanghai Red Star Macalline Home Furnishing Market Management Company Limited (上海紅星美凱龍家居市場經營管理有限公司)	Market company	PRC	Registered RMB20,000 Paid up capital RMB20,000	90	90
Jinan Red Star Macalline Shibo Home Living Plaza Company Limited (note 1(i)) (濟南紅星美凱龍世博家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB102,600 Paid up capital RMB102,600	70	70
Chengdu Red Star Macalline Shibo Home Living Plaza Company Limited (成都紅星美凱龍世博家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	60	60

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For the year ended 31 December 2024

54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Changzhou Red Star Macalline Home Furnishing and Decorating Market Company Limited (常州紅星美凱龍裝飾家居用品市場有限公司)	Market company	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Shanghai Red Star Macalline Home Furnishing and Decorating Market Management Company Limited (上海紅星美凱龍家具裝飾市場經營管理有限公司)	Market company	PRC	Registered RMB3,000 Paid up capital RMB3,000	98	98
Chongqing Red Star Macalline Shibo Home Living Plaza Company Limited (重慶紅星美凱龍世博家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB30,000 Paid up capital RMB30,000	100	100
Shanghai Xingkai Chengpeng Business Management Company Limited (上海星凱程鵬企業管理有限公司)	Investment management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Hongmei E-Commerce Company Limited (上海紅美電子商務有限公司)	E-commerce	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Changzhou Hongyang Home Furnishing Plaza Company Limited (常州紅陽家居生活廣場有限公司)	Site leasing management	PRC	Registered RMB60,000 Paid up capital RMB60,000	75	75
Jiangsu Sunan Construction Company Limited (江蘇蘇南建築安裝工程有限公司)	Building construction	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Shenyang Red Star Macalline Home Living Expo Company Limited (瀋陽紅星美凱龍博覽家居有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100
Shanghai Red Star Macalline Industrial Company Limited (上海紅星美凱龍實業有限公司)	Investment management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Beijing Red Star Macalline International Home Furnishing Plaza Company Limited (北京紅星美凱龍國際家具建材廣場有限公司)	Site leasing management	PRC	Registered RMB50,000 Paid up capital RMB50,000	100	100

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54.SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Beijing Red Star Macalline Shibo Furniture Plaza Company Limited (北京紅星美凱龍世博家具廣場有限公司)	Site leasing management	PRC	Registered RMB29,990 Paid up capital RMB29,990	100	100
Beijing Macalline Home Furnishing Material Market Company Limited (北京美凱龍家具建材市場有限公司)	Market company	PRC	Registered RMB3,000 Paid up capital RMB3,000	100	100
Beijing Red Star Macalline Shibo Home Furnishing Plaza Company Limited (北京紅星美凱龍世博家具建材廣場有限公司)	Market company	PRC	Registered RMB2,000 Paid up capital RMB2,000	100	100
Baotou Red Star Macalline Home Furnishing Plaza Company Limited (包頭紅星美凱龍家居生活廣場有限責任公司)	Site leasing management	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	100
Macalline Digital Technology Co., Ltd. (美凱龍數字科技有限公司)	E-commerce	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Liuzhou Red Star Macalline Home Furnishing Company Limited (柳州紅星美凱龍家居有限公司)	Site leasing management	PRC	Registered RMB20,000 Paid up capital RMB20,000	100	100
Guizhou Meican Management Co., Ltd. (貴州美燊管理有限公司)	Building construction	PRC	Registered RMB27,624 Paid up capital RMB27,624	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Yangzhou Red Star Macalline Global Home Living Expo Company Limited (揚州紅星美凱龍全球博覽家居有限公司)	Site leasing management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Zhejiang Red Star Macalline Commercial Management Co., Ltd. (浙江紅星美凱龍商業經營管理有限公司)	Enterprise management and consultancy	PRC	Registered RMB50,000 Paid up capital RMB0	100	100
Hangzhou Macalline Intelligent Industry Development Co., Ltd. (杭州美凱龍智能產業發展有限公司)	Enterprise management and consultancy	PRC	Registered RMB100,000 Paid up capital RMB0	100	100
Tianjin Yuanmi Management Company Limited (天津遠密企業管理諮詢有限公司)	Investment management	PRC	Registered RMB1,000 Paid up capital RMB1,000	100	100
Shenzhen Xingke Smart Innovation Industry Development Company Limited (深圳星科智創產業發展有限公司)	Property management	PRC	Registered RMB1,000 Paid up capital RMB0	90	90
Shanghai Chentan Industry Co., Ltd. (上海宸檀實業有限公司)	New business form	PRC	Registered RMB5,100 Paid up capital RMB0	100	100
Jinjiang Red Star Macalline International Home Furnishing Company Limited (晉江紅星美凱龍國際家居有限公司)	Proprietary lease	PRC	Registered RMB30,000 Paid up capital RMB0	100	100
Xiamen Red Star Macalline Commercial Operation Management Company Limited (廈門紅星美凱龍商業營運管理有限公司)	Investment management	PRC	Registered RMB1,000,000 Paid up capital RMB1,000,000	100	100

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54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Suzhou Nihongsheng Enterprise Management Company Limited (蘇州尼紅盛企業管理有限公司)	Other	PRC	Registered RMB1,000 Paid up capital RMB0	100	100
Tibet Red Star Xizhao Enterprise Management Co., Ltd (西藏紅星喜兆企業管理有限公司)	Investment Management	PRC	Registered RMB100,000 Paid up capital RMB100,000	100	100
Red Star Macalline Furniture Group (Shanghai) Logistics Co., Ltd (紅星美凱龍家居集團(上海)物流有限公司)	Logistics Services	PRC	Registered RMB65,000 Paid up capital RMB48,880	60	60
Red Star Macalline Caesar Supreme (Shanghai) Furniture Co., Ltd (紅星美凱龍凱撒至尊(上海)家居有限公司)	Self-employed sales	PRC	Registered RMB200,000 Paid up capital RMB200,000	100	100
Longzhahui (Shanghai) Facility Management Service Co., Ltd (龍之惠(上海)設施管理服務有限公司)	Enterprise Management Consultancy	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	59
Shanghai Red Star Macalline Mercure Trading Co., Ltd (上海紅星美凱龍美居商貿有限公司)	Import and export business	PRC	Registered RMB5,000 Paid up capital RMB1,450	51	51
Shanghai Red Star Macalline Building Decoration (Group) Co., Ltd (上海紅星美凱龍建築裝飾(集團)有限公司)	Construction Decoration	PRC	Registered RMB50,000 Paid up capital RMB12,000	100	100
Jiangsu Star Yisheng Leasing Co., Ltd (江蘇星易盛租賃有限公司)	Architectural Decoration	PRC	Registered RMB50,000 Paid up capital RMB50,000	75	–
Redstar Macalline Caesar Supreme (Hainan) Home Technology Co., Ltd (紅星美凱龍凱撒至尊(海南)家居科技有限公司)	E-commerce	PRC	Registered RMB5,000 Paid up capital RMB5,000	100	–
Redstar Global Holdings Limited	Others	British Virgin Islands	Registered USD50 Paid up capital USD50	100	100

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For the year ended 31 December 2024

54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Redstar Home (Shanghai) Technology Co., Ltd (紅星到家(上海)科技有限公司)	E-commerce	PRC	Registered RMB200,000 Paid up capital RMB41,500	100	100
Redstar Macalline Expo (Tianjin) Home Life Plaza Co., Ltd (紅星美凱龍世博(天津)家居生活廣場有限公司)	Venue Rental Management	PRC	Registered RMB142,000 Paid up capital RMB142,000	100	100
Nanchang HomeBuilders Decoration Engineering Co., Ltd. (南昌家倍得裝飾工程有限公司)	Home Decoration Design	PRC	Registered RMB1,000 Paid up capital RMB910	60	–
Red Star Macalline Caesar Supreme (Hong Kong) Furniture Limited (紅星美凱龍凱撒至尊(香港)家居有限公司)	Self-operated Sales	Hong Kong	Registered USD3,000 Paid up capital USD0	100	100
Chengdu Airport Junda Logistics Co., Ltd (成都空港駿達物流有限公司)	Warehousing & Logistics	PRC	Registered USD11,850 Paid up capital USD11,850	100	–
Longzhihui (Changzhou) Facility Management Technology Co., Ltd (龍之惠(常州)設施管理科技有限公司)	Enterprise Management Consultancy	PRC	Registered RMB600 Paid up capital RMB600	100	35
Shanghai Hongxin Ou Kai Home Furnishing Co., Ltd (note 2(i)) (上海虹欣歐凱家居有限公司)	Venue Leasing Management	PRC	Registered RMB100,000 Paid up capital RMB100,000	50	50
Chengdu Changyi Red Star Macalline Home Furnishing Market Management Co., Ltd (note 2(ii)) (成都長益紅星美凱龍家居市場經營管理有限公司)	Venue Leasing Management	PRC	Registered RMB20,000 Paid up capital RMB20,000	50	–
Yintai (Yongqing) New City Investment Co., Ltd (銀泰(永清)新城投資有限公司)	Industrial Investment	PRC	Registered RMB100,000 Paid up capital RMB100,000	70	70
Qianzhi (Shanghai) Furniture Co., Ltd (乾智(上海)家居有限公司)	Self-employed Sales	PRC	Registered RMB5,000 Paid up capital RMB5,000	60	60

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For the year ended 31 December 2024

54. SUBSIDIARIES (continued)

Name of subsidiary	Principal activity	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid up share capital/ registered capital '000	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Xinsheng Property Management (Shanghai) Co., Ltd (鑫生物業管理(上海)有限公司)	Venue Leasing Management	PRC	Registered RMB48,977 Paid up capital RMB45,754	100	100
Changzhou Macalline International Computer & Home Appliances Decoration City Co., Ltd (常州美凱龍國際電腦家電裝飾城有限公司)	Venue Leasing Management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Shanhai Art Club Co., Ltd (上海山海藝術傢俱有限公司)	Venue Leasing Management	PRC	Registered RMB242,550 Paid up capital RMB242,550	90	90
Red Star Macalline Global (Beijing) Furniture & Building Materials Plaza Co., Ltd (紅星美凱龍環球(北京)傢俱建材廣場有限公司)	Venue Leasing Management	PRC	Registered RMB10,000 Paid up capital RMB10,000	100	100
Shanghai Macalline Zunke Design & Engineering Co., Ltd. (note 2(iii)) (上海美凱龍尊科設計工程有限公司)	Home Furnishing Design	PRC	Registered RMB35,000 Paid up capital RMB35,000	46	–
Wuhu Yuancheyuqi Investment Centre (Limited Partnership) (蕪湖遠澈禦祺投資中心(有限合夥))	Investment Management	PRC	Registered RMB1,030,100 Paid up capital RMB1,030,000	100	100
Xiamen Xinmei Enterprise Management Consulting Co., Ltd (廈門信美企業管理諮詢有限公司)	Investment Management	PRC	Registered RMB1,000,000 Paid up capital RMB0	99	–
Red Star Macalline Green Energy (Shanghai) Technology Co., Ltd (紅星美凱龍綠能(上海)科技有限公司)	New Business	PRC	Registered RMB6,000 Paid up capital RMB0	100	–
Shanghai Jianmei Wisdom Auto Service Co., Ltd (上海建美智慧汽車服務有限公司)	New Business	PRC	Registered RMB10,000 Paid up capital RMB0	51	–
Tianjin Macalline Selection Home Technology Co., Ltd (天津美凱龍甄選家居科技有限公司)	New business	PRC	Registered RMB1,000 Paid up capital RMB0	100	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

Notes

(1) Explanation of the proportion of shareholdings in subsidiaries different from the proportion of voting rights:

- (i) According to the relevant contract signed between the Company and Shandong Furong Group Company Limited, a shareholder of Jinan Red Star Macalline Shibo Home Living Plaza Company Limited, the housing buildings of the relevant co-operation project will, upon completion, be shared by Shandong Furong Group Company Limited in part of the housing property rights and be leased for use by the Group. The lease term is for 10 years (from 2021 to 2030), Shandong Furong Group Company Limited obtains fixed rental returns and Shandong Furong Group Company Limited does not participate in the daily operation and management of Jinan Red Star Macalline Shibo Home Living Plaza Company Limited and other profit distribution. Pursuant to the relevant contractual agreements, the Group reclassified the capital contribution from Shandong Furong Group Company Limited to liabilities and did not treat it as an equity instrument.
- (ii) Pursuant to the relevant contract signed between the Company and Beijing Chaoyang North Garden Agricultural and Industrial Company Limited ("Beijing Chaoyang North Garden"), a shareholder of Beijing Century Europe and America Business Investment Company Limited ("Beijing Europe and America Commercial"), the Group operates Beijing Europe and America Commercial during the term of co-operation of the project, and fixed contracting profit was paid by the Group to Beijing Chaoyang North Garden from the date of the official commencement of the project after the expiry of 12 months. The term of co-operation is 50 years (from 2011 to 2060). Upon expiry of the co-operative operation term, all land, buildings and non-removable facilities of the project company shall be shared by the Group and Beijing Chaoyang North Garden in proportion to their registered capital. Pursuant to the relevant contractual agreements, the Group reclassified the capital contribution from Beijing Chaoyang North Garden to liabilities and did not treat it as an equity instrument.

(2) Basis for holding half or less of the voting rights but still controlling the investee

- (i) Shanghai Hongxin Ou Kai Home Furnishing Co., Ltd. has a five-member board of directors, with three directors appointed by the Group. According to the articles of association, board resolutions require approval by more than half of all directors. The Group is able to exercise control.
- (ii) Chengdu Changyi Red Star Macalline Home Furnishing Market Management Co., Ltd. has a five-member board of directors, with three directors appointed by the Group. According to the articles of association, board resolutions require approval by more than half of all directors. The Group is able to exercise control.
- (iii) Shanghai Macalline Zunke Design & Engineering Co., Ltd. has a five-member board of directors, with three directors appointed by the Group. According to the articles of association, board resolutions require approval by more than half of all directors. The Group is able to exercise control.

All the subsidiaries were incorporated/established in the PRC as a company with limited liability. The English translation are for translation purpose only and have not been registered.

Five-Year Financial Summary

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	7,821,266	11,514,983	14,138,320	15,512,792	14,236,460
Net (loss)/profits	(3,727,843)	(2,570,418)	816,884	2,100,698	2,064,077
– Owners of the Company	(3,492,042)	(2,412,713)	678,566	1,963,619	1,730,582
– Non-controlling interests	(235,801)	(157,705)	138,318	137,079	333,495
Earnings per share					
– Basic and Diluted (RMB)	(0.80)	(0.55)	0.16	0.49	0.44

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
– Non-current assets	110,300,284	114,202,971	118,331,075	121,741,988	116,411,135
– Current assets	8,335,085	9,983,638	11,151,384	14,869,087	15,136,784
Total Assets	118,635,369	124,186,609	129,482,459	136,611,075	131,547,919
– Current liabilities	28,931,131	28,591,541	25,361,592	25,361,592	31,638,847
– Non-current liabilities	38,399,687	40,451,933	46,118,151	46,118,151	48,811,229
Total liabilities	67,330,818	69,043,474	71,479,743	71,479,743	80,450,076
Net assets	51,304,551	55,143,135	58,002,716	58,579,498	51,097,843
Total Equity	51,304,551	55,143,135	58,002,716	58,579,498	51,097,843
– Equity attributable to owners of the Company	48,198,250	51,832,394	54,446,965	54,951,294	47,563,219
– Non-controlling interests	3,106,301	3,310,741	3,555,751	3,628,204	3,534,624

The financial summary for the year 2020 was extracted from the consolidated Financial Statements prepared in accordance with the CASBE, while the financial summary for the year 2024, 2023, 2022 and 2021 were extracted from the Consolidated Financial Statement of the group prepared in accordance with the IFRSs.

Definitions

A Share Shareholder(s)	the holder(s) of the A Share(s)
Articles of Association	articles of association of Red Star Macalline Group Corporation Ltd.
associate(s)	has the meaning ascribed to it under the Stock Exchange Listing Rules
Board or Board of Directors	the board of directors of the Company
China Accounting Standards for Business Enterprises	the latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements
Connected Person(s)	has the meaning ascribed to it under the Stock Exchange Listing Rules
Controlling Shareholder(s)	has the meaning ascribed to it under the Stock Exchange Listing Rules
Corporate Governance Code	the Corporate Governance Code and Corporate Governance Report of Appendix C1 to Stock Exchange Listing Rules
CSRC	the China Securities Regulatory Commission
Director(s)	director(s) of the Company
H Share Shareholder(s)	the holder(s) of H Share(s)
H Share(s)	RMB-denominated overseas listed foreign ordinary share(s) issued outside mainland China by a company registered in China, listed for trading on the Hong Kong Stock Exchange, subscribed and traded in Hong Kong dollars
IFRS	International Financial Reporting Standard
Managed Shopping Mall(s)	shopping mall(s) managed under contract management agreements
Nanjing Mingdu	Nanjing Mingdu Home Furnishing Plaza Company Limited (南京名都家居廣場有限公司)
pipeline Portfolio Shopping Mall(s)	including the Portfolio Shopping Malls for which we have entered into definitive agreements with local government authorities, including land acquisition agreements with local government authorities and investment or cooperation agreements with partners
Portfolio Shopping Mall(s)	all of the following shopping malls: (1) shopping malls which are owned by the Company's holding subsidiaries; (2) the repurchased shopping malls; (3) shopping malls leased by the Company; (4) shopping malls for which the Company operate and consolidate their results of operation and pay the relevant property owners a fixed amount of annual fees (" fixed-fee Portfolio Shopping Malls "); (5) shopping malls held by the Company and associates or joint venture partners and operated by the Company " Joint Venture/Associate Portfolio Shopping Malls ". For the purpose of this report, we categorize the abovementioned (1) and (2) as "Self-owned Portfolio Shopping Malls" and the abovementioned (3), (4) and (5) as "Non-self-owned Portfolio Shopping Malls"

Definitions

Red Star Furniture Group	Red Star Furniture Group Limited (紅星傢俱集團有限公司)
Red Star Macalline, Stock Company, Company or Our Company, Group	Red Star Macalline Group Corporation Ltd. and its holding subsidiaries
Reporting Period	the period from 1 January 2024 to 31 December 2024
RMB	RMB (unless under special circumstances)
RMB-denominated ordinary shares, A Share(s)	ordinary shares listed on stock exchanges in the PRC, subscribed for and traded in Renminbi, with a nominal value of RMB1.00 each
RSM Holding or Substantial Shareholder	Red Star Macalline Holding Group Company Limited
Shareholder(s)	the A Share Shareholder(s) and the H Share Shareholder(s) of the Company
SSE Listing Rules	the Shanghai Stock Exchange Listing Rules
Stock Exchange	the Stock Exchange of Hong Kong Limited
Stock Exchange Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company
Zhengzhou Red Star	Zhengzhou Red Star Macalline International Home Furnishing Company Limited (鄭州紅星美凱龍國際家居有限公司)
Other Supplemental Agreements	new Contract Management Agreement entered into between the Company and Shaanxi Hongrui on 30 September 2022 with a fixed term of three years, and new Contract Management Agreements entered into between the Company and Xuzhou RSHFC, Xuzhou RSHFP on 30 December 2022, respectively, with a fixed term of three years

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

