



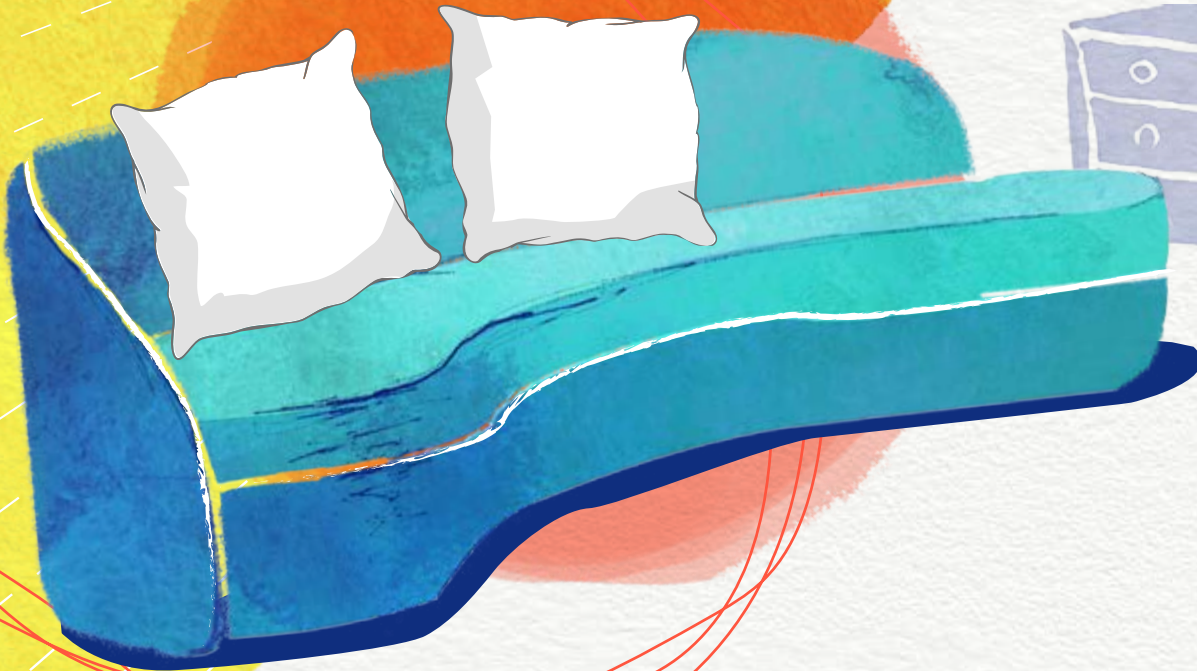
紅星美凱龍家居集團股份有限公司
Red Star Macalline Group Corporation Ltd.

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

H Share Stock Code: 01528 A Share Stock Code: 601828

2023

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
REPORT



Contents

- 04 About the Report
- 06 Message from the Chairman
- 08 Performance Highlights in 2023
- 09 About Red Star Macalline
- 09 Corporate Profile
- 10 Awards and Honors



Improving Governance for Steady and Long-term Progress

- Corporate Governance 14
- Sustainable Development Management 22

- 86 ESG Key Performance Table
- 90 Appendix: Content Index of the Environmental, Social and Governance Reporting Guide



Pursuing Excellence with Quality First

- Exploring New Mode of Home Furnishings Retail 28
- Creating a Star-level Customer Experience 38





03

Gathering Powers
to Support Employee
Development

Safeguarding Employee Rights and Interests	50
Empowering our Employees	52
Enhancing Employee Happiness	56
Occupational Health and Safety	58



05

Co-building
and Sharing for a
Better Life

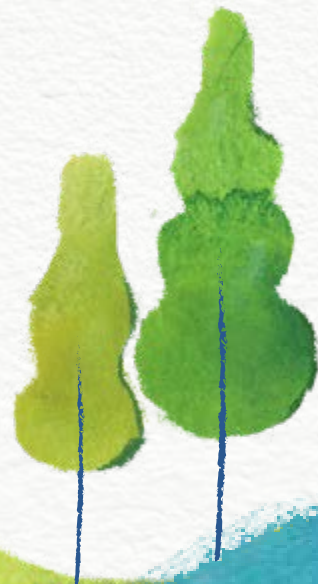
Jointly Building a High-quality Supply Chain	82
Co-creating a Better Future	84



04

Protecting the Ecology
and Practicing Green Development

Adhering to the Green Concept	64
Building Green Shopping Malls	72



About the Report



Introduction

This is the seventh Environmental, Social and Governance Report (hereinafter referred to as the "the Report" or "ESG Report") released by Red Star Macalline Group Corporation Ltd. Targeting at all stakeholders of the Company, the ESG Report focuses on disclosing the management, practices and performance of the Company in terms of economy, environment, society and governance.

Reporting Period

The Report covers the period from January 1, 2023 to December 31, 2023 (the "Reporting Period"), with some of the contents traced back to previous years.

Reporting Scope and Boundaries

The Report covers Red Star Macalline Group Corporation Ltd. ("Red Star Macalline", "the Company" or "we" for short), which is consistent with the scope of disclosure in the annual statement.

Preparation Basis

The Report is compiled mainly in accordance with the Environmental, Social and Governance Reporting Guide in Appendix C2 of the Listing Rules issued by the Stock Exchange of Hong Kong Limited ("the Stock Exchange"), and the Guidelines for Self-regulation of Listed Companies No. 1 – Standardized Operation issued by Shanghai Stock Exchange. The Company has complied with the provisions of "Comply or Explain" set out in the Environmental, Social and Governance Reporting Guide.

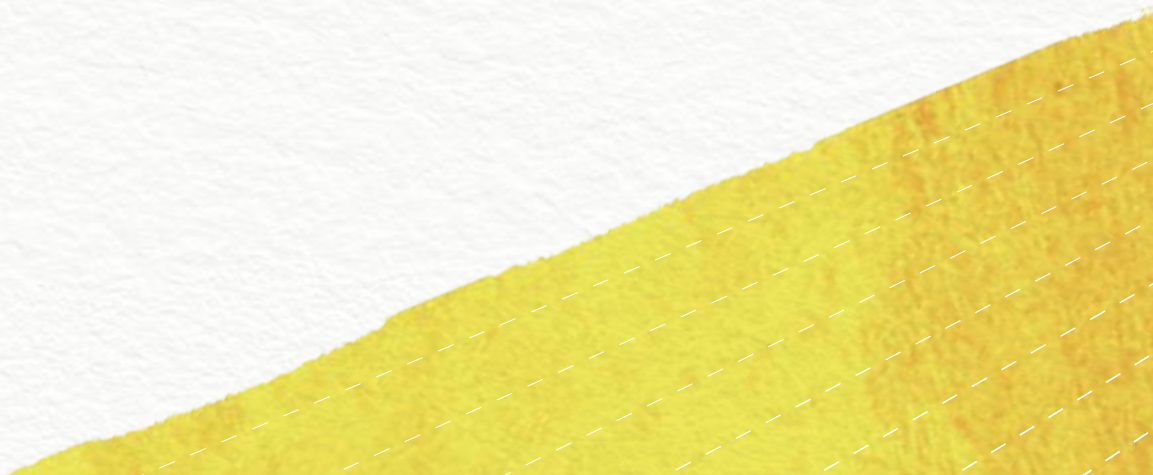
The Report has been prepared mainly in accordance with the following basic principles:

Materiality: The Report should disclose ESG-related matters that, as determined by the Board, will have a significant impact on investors and other stakeholders.

Quantitative: KPIs in respect of historical data should be measurable, and targets (which may be actual numerical figures or directional, forward-looking statements) should be set to reduce a particular impact. In this way, the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.

Balance: The ESG report should provide an unbiased picture of the issuer's performance. The Report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency: The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.

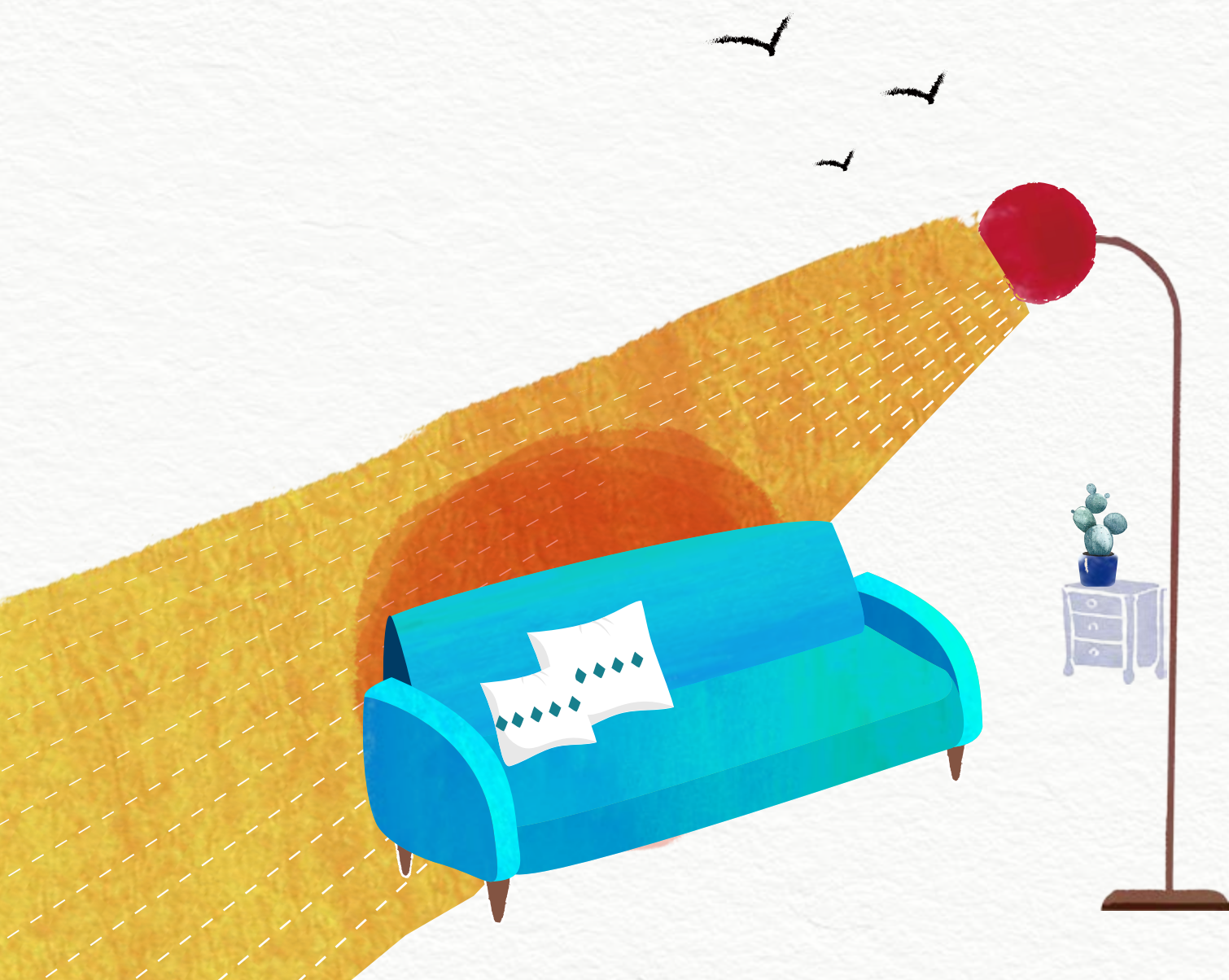


Source of Data

The information and data in this report are derived from official documents and statistical reports of Red Star Macalline as well as summaries and statistics of subsidiaries. The Board of the Company is responsible for the authenticity, accuracy and completeness of the Report. The scope of environmental performance indicators disclosed in the 2023 report includes Portfolio Shopping Malls, Managed Shopping Malls and Hongqiao Headquarters.

Way of Access

The Report is available on the websites of Shanghai Stock Exchange (www.sse.com.cn), the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) or Red Star Macalline Group Corporation Ltd. (www.chinaredstar.com).



Message from the Chairman

The year 2023 is a year of challenges and opportunities for Red Star Macalline, but also a year for us to forge ahead and move towards high-quality development. We are always firm confidence, the pursuit of excellence, adhering to an open, inclusive mindset, to take the initiative to seek change in business ideas to write our new chapter.

Adhering to the goal of creating artistic taste and disseminating home arts and shouldering the mission of "enhancing the home furnishing taste of Chinese people and being responsible for the environmental protection of the home of each family", Red Star Macalline is committed to pursuing the aesthetic development of the Chinese home furnishing industry and gradually enhancing the Chinese customers' cognition to home taste. We continue to upgrade and innovate the market model, to create an online and offline one-stop shopping platform, together with all partners, to meet the ultimate consumer home shopping experience.

Red Star Macalline keeps in mind the compliance operation, scrupulously abides by the business ethics, strengthens the responsibility management, and continuously improves the level of corporate governance. Having established a scientific and efficient decision-making mechanism, and an effective balancing and supervision mechanism, we continuously improve the corporate governance system and risk management level, and advance the healthy, stable and sustainable development of the Company. At the same time, we prefer the partners with favorable sustainability, actively build a responsible supply chain, and promote the sustainable development of the value chain.



Adhering to the "people-oriented" philosophy, Red Star Macalline works together with "fellow travelers" to achieve common development and create a better future. We attach importance to the protection of employees' rights and interests, respect and pay attention to the fruits of each employee's labour, take care of each employee's growth, and actively create a diversified, fair and inclusive working environment. We help employees achieve their career dreams through sound training and promotion channels.

While pursuing business development, we actively engage in public welfare undertakings and fulfill social responsibilities. Actively protecting and inheriting the traditional culture, we are committed to preserving and spreading artistic aesthetics among more people, so as to keep cultural continuity. We actively engage in social welfare undertakings, and give back to society, spreading love and beauty.

We adhere to the business philosophy of home furnishings are the combination of scenery and affection. We sell not only home furnishing products, but also a warm lifestyle. We devote to spreading aesthetic concepts, bringing warmth to every family, enhancing the home furnishing taste of Chinese people, and improving the people's aesthetic ability. Looking to the future, we will continue to interpret our mission with our original heart and commitment, and practice our love for the home furnishing industry with practical actions and innovative spirit. In the future, we will further join hands with every partner to create glory with our passion and commitment, spread love and beauty to every corner, and continue the story of better life.



Performance Highlights in 2023

Economic performance

- Asset of RMB **121,060.64** million
- Revenue of RMB **115,150** million
- Operating area of **21,724,717.18** sq.m

(According to the PRC Accounting Standards)

Governance performance

- **8** Business ethics and anti-corruption and bribery audits
- Anti-corruption training and promotions cover **all** Board of Directors, Board of Supervisors, senior management, and full-time employees

Social performance

- Handling satisfaction rate **over 90%**
- **100%** of employees trained
- Average employee training hours of **48.36** hours

Environmental performance

- Green power usage of **6,137.04** WMH
- Energy consumption per unit area of **452.51** MWH/10,000 m²
- Greenhouse gas emissions per unit area of **192.97** tons/10,000m²
- Water consumption per unit area of **2,686.83** m³/10,000 m²

About Red Star Macalline



Red Star Macalline is always making unremitting efforts to achieve the vision of "creating a global brand of Chinese nation".

Corporate Profile

Founded in 2007, Red Star Macalline Group Corporation Ltd. is headquartered in Shanghai, the PRC. It was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 26 June 2015 (stock code: 01528. HK) and was later listed on the Main Board of the Shanghai Stock Exchange on 17 January 2018 (stock code: 601828.SH). It is the first company that has been listed on A-share and Hong Kong stock markets in China's home improvement and furnishings industry.

Principal Operation

So far, our shopping mall brand library holds more than

38,500

brand series in total

As a leading home improvement and furnishings shopping mall operator and also a pan-home furnishings business platform service provider in China, Red Star Macalline mainly engages in the business of offering comprehensive services to the merchants, consumers and partners of the home improvement and furnishings shopping malls through the operation and management of Portfolio Shopping Malls, Managed Shopping Malls, Franchise Shopping Malls and Strategic Cooperation Shopping Malls. Also, we provide pan-home furnishings consumption services, including Internet retail, home decoration, design etc.

In the past over 30 years, Red Star Macalline has upgraded the first generation shopping mall to the ninth generation shopping mall "Red Star Macalline Home Furnishing Art Design Expo Center", and led the transition of home furnishing spending from simply "buying home furnishing products" to "visiting home furnishing product stores" and "appreciating home furnishing products." Our consumers have improved their own quality of life, which is evidenced by their appreciating home furnishing art and culture. Through constant upgrading and innovation, and building of an online and offline one-stop shopping platform, we hope to bring an excellent home furnishing shopping experience to consumers.

Strategic Layout

Statistics show that as of 31 December 2023, the Company operated 87 Portfolio Shopping Malls, 275 Managed Shopping Malls, and operated 8 home furnishing shopping malls through strategic cooperation. Besides, the Company had authorized the opening of 46 franchised home improvement material projects by way of franchising, which included a total of 448 home improvement material stores/industry streets. Our Portfolio Shopping Malls and Managed Shopping Malls covered 215 cities in 30 provinces, municipalities directly under the Central Government and autonomous regions in China, with a total operating area of 21,724,717.18 sq.m.

Awards and Honors



Guoxin Cup ESG Golden Bull Award



The 25th Golden Information Disclosure Award for Listed Companies



Shanghai Charity Award



China's Excellent Management Company



China Bole - Value Employer



China Bole - Best Practice Project



China CDI Top 30 Digital Enterprises



Innovation Award for CDI Business Model Digitization



The 14th CEFE BOOAOO Awards - Award of Benchmark Enterprise in Digital Learning and Applications



2023 Shanghai Excellent QC (Quality Control) Achievements (Class I) Collection in Engineering Construction



2023 Shanghai Excellent Enterprise of QC (Quality Control) Group Activity in Engineering Construction



2023 Shanghai Excellent QC (Quality Control) Achievements (Class II) Collection in Engineering Construction



2023 Shanghai Excellent QC (Quality Control) Achievements (Class II) Collection in Engineering Construction



2023 Shanghai Excellent QC (Quality Control) Achievements (Class III) Collection in Engineering Construction

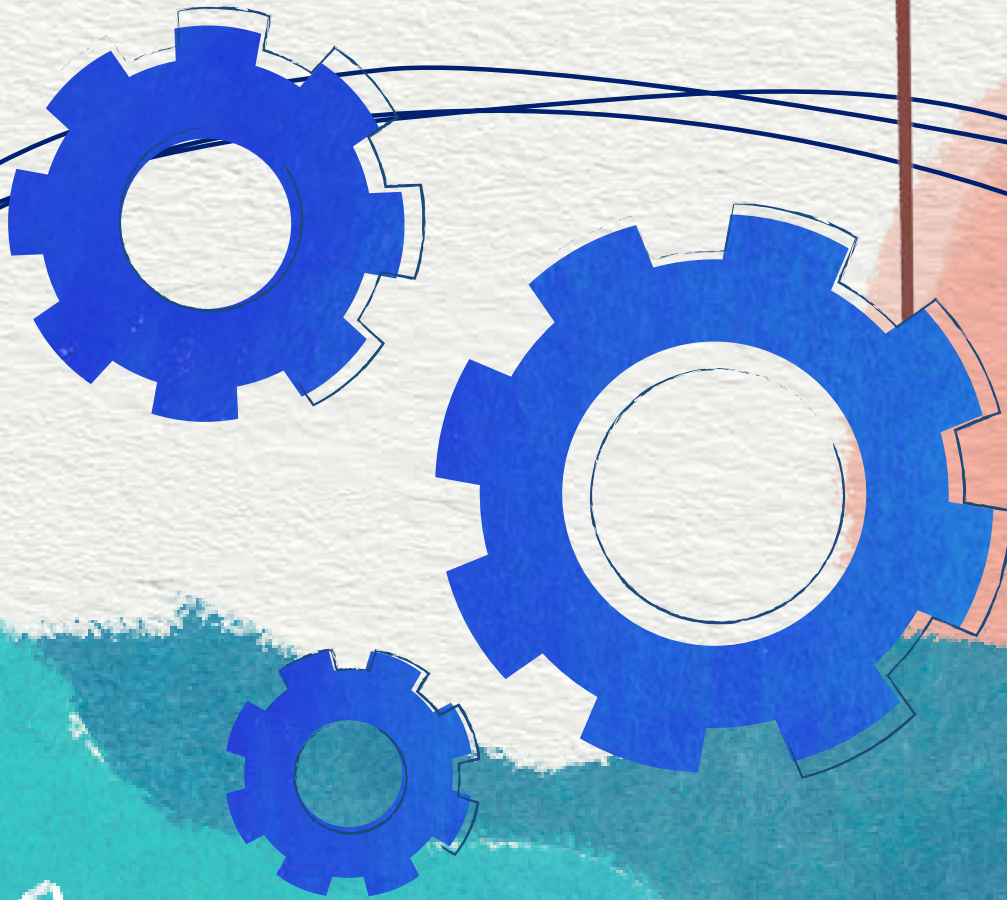


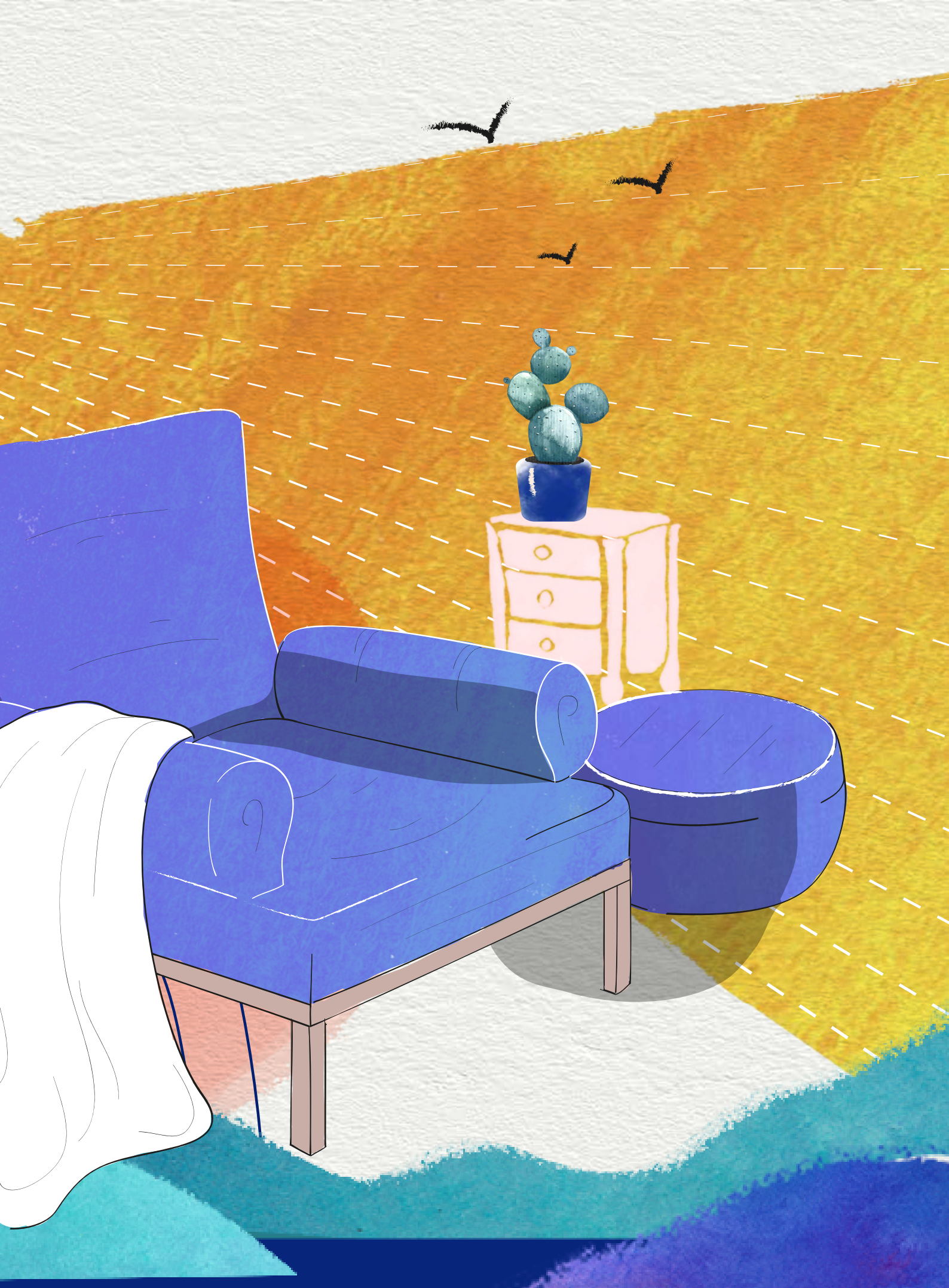
2023 Shanghai Excellent QC (Quality Control) Achievements (Class III) Collection in Engineering Construction

Improving Governance

for Steady and Long-term Progress

Good corporate governance is a cornerstone for stable development of an enterprise. We strictly abide by the local laws and regulations of the places where we conduct business, we spare no effort to realize sustainable development in an efficient and proper manner by continuously optimizing the corporate governance structure, improving the business management mode and risk control level, and engaging in legitimate operations.





Corporate Governance



Paying attention to long-term value creation, Red Star Macalline always conducts business prudently, and strictly complies with *the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance of Listed Companies, the Securities Listing Rules of the Hong Kong Exchanges and Clearing Limited* and other laws and regulations. In positive response to regulatory regulations of supervisory authorities, we continuously improve the level of corporate governance according to actual conditions of the Company.

Governance Structure

We have formulated *the Articles of Association of Red Star Macalline Group Corporation Ltd.*, established and improved the corporate governance mechanism, to achieve the optimal enterprise management in a scientific, rigorous, and standardized manner. We have the Board of Directors and the Board of Supervisors under the general meeting of shareholders, and the Board of Directors runs the Strategy and Investment Committee, the Audit Committee, the Compensation and Assessment Committee, and the Nomination Committee. All these works together to comprehensively supervise the specific affairs of the Company, and to maintain and enhance corporate governance.

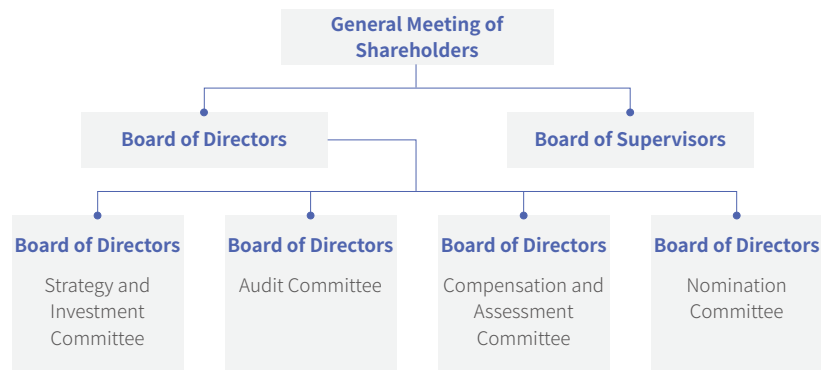
During the Reporting Period, the Company held a total of

8

general meetings of shareholders

27

board meetings



Corporate Governance Structure

The Board of Directors is an organ of authority of the Company, and exercises its authority according to the law. The Board of Directors is responsible for the general meeting of shareholders. Specifically, it executes the resolutions of the general meeting of shareholders, determines the Company's business plan and investment projects, approves and supervises any policy matters, overall strategy and budget, internal monitoring and risk management systems, major transactions and oversees the Company's information disclosure, etc. Relying on their professional functions, the above four committees oversee the relevant operations and management of the Company.

Diversity of the Board of Directors

Red Star Macalline believes that the increasing diversity of board members is a key factor to support the Company in achieving its strategic goals and promoting sustainable development. We value the diversity of board members from multiple dimensions when we form the group of Board, including but not limited to gender, age, cultural and educational backgrounds, race, professional experience, skills, knowledge, and service tenure, to maintain a moderate balance in terms of skills, experience and viewpoints of board members, so as to enable the Board of Directors to execute business strategies and maintain operations more effectively.

All directors bring valuable business experience and expertise to fulfill the functions of the Board of Directors efficiently and effectively. As the end of the Reporting Period, Red Star Macalline had a total of 14 directors, including 1 Chairman, 5 independent non-executive directors, and 1 female director.

Business Ethics

Red Star Macalline adheres to the business ethics of honesty, integrity and self-discipline, and takes a zero-tolerance stance against bribery, corruption, fraud and other behaviors. The Company strictly abides by *the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Advertisement Law of the People's Republic of China, the Standards for the Management of Corporate Intellectual Property Rights of the People's Republic of China*, and other laws and regulations. On this basis, we have established and implemented many internal management rules, which must be obeyed by all employees, suppliers, contractors and other business partners.

Management System

Red Star Macalline is committed to creating a "honest, fair and transparent" business environment, actively implementing the core corporate values of "righteous staff, work and business". We always adhere to the principle of system first. According to the relevant laws and regulations, we formulated several important internal anti-corruption documents, including *the 26 Rules on Integrity, the Eight Prohibitions and the 13-Word Proverbs* etc., which were further reiterated during the Reporting Period to ensure the consistency and synergy of the Company in terms of compliance with business ethics.

We are committed to eliminate blind spots in power supervision and control risks related to business ethics, and established a sound supervision and management mechanism, an effective power restriction mechanism and a serious accountability mechanism. As the highest decision-making body responsible for the Company's risk management and internal monitoring, the Board of Directors has designed and established the Company's risk management structure, assuming the ultimate responsibility for the establishment and improvement of business moral risk management and internal monitoring system and the effective implementation of risk management. The Audit Department and the Audit Committee independently carry out supervision work, identify the possible risks of business ethics and fraud, and take the initiative to conduct audits on business ethics, supervising and inspecting the implementation and effectiveness of the Company's risk management policies, systems and processes on business ethics and anti-fraud. The Audit Department reports the audit results to the Audit Committee to better evaluate the effectiveness of business ethics risk management, and the Audit Committee regularly reports work to the Board of Directors. The Internal Control Compliance Department is responsible for building and maintaining the Company's business ethics risk management framework, and coordinating and guiding the risk management work. Each department actively supervises practices of integrity on a daily basis, regularly conducts internal self-inspections, and reports any risks of business ethics violation and fraud to the Audit Department and Internal Control Compliance Department.

Compliance Measures

During the Reporting Period,

the Company organized a total of

8

audits on business ethics and anti-corruption and bribery

By taking a series of measures, Red Star Macalline timely prevents, identifies and addresses potential business ethics risks, ensuring efficient implementation of ethical standards.

We continuously conduct business ethics audits on all operating sites of the Company. The Internal Audit Department of the Company carries out audits on a monthly and regional basis according to the annual audit plan, and all Portfolio Shopping Malls are audited every three years. Every year, we review the policies and regulations related to business ethics and anti-fraud, and evaluate the appropriateness and effectiveness of business activities, internal control and risk management. Meanwhile, we audit the fraud risks that the management, employees or third parties use fraudulent means to obtain improper or illegal benefits in daily business activities, make appropriate audit conclusions according to the obtained audit evidence, release audit reports in a timely manner, and track the rectification situation in real time.

In addition, Red Star Macalline has established a comprehensive supervision system, and allocated grassroots supervisory personnel for shopping malls, supervisory liaison persons for various functional centers, and part-time supervisory directors for various provincial regions. The Company's supervisory department supervises and guides shopping malls on case investigation, helps them to handling step by step to closing any loopholes and raising revenue. During the Reporting Period, the Company was not involved in any adjudicated litigation case related to corruption.

Communication and Training

We clearly deliver relevant rules and handling mechanisms to every employee, and ensure that they comply with relevant rules, laws and regulations concerning bribery and integrity. In the process of daily routine, grassroots inspectors carry out activities and education on integrity under their jurisdiction. The Company's Supervision Department irregularly organizes integrity publicity and training in shopping malls to check erroneous ideas at the outset. During the Reporting Period, the Company proposed and implemented a series of government integrity measures below:

- Post the latest anti-corruption poster on the walls of restrooms and staff passages of each shopping mall according to relevant regulations
- Read out *the Eight Prohibitions* during the annual target-oriented responsibility conference
- Interview incoming general managers of shopping malls, training their integrity education, and sign *Letters of Commitment to Conscientiously Fulfill the Eight Prohibitions* with them
- Organize integrity promotions for grassroots supervisory personnel on daily meetings
- Give warning to all employees by showcasing the cases of business ethics violation and corruption by the Administrative Management Committee regularly

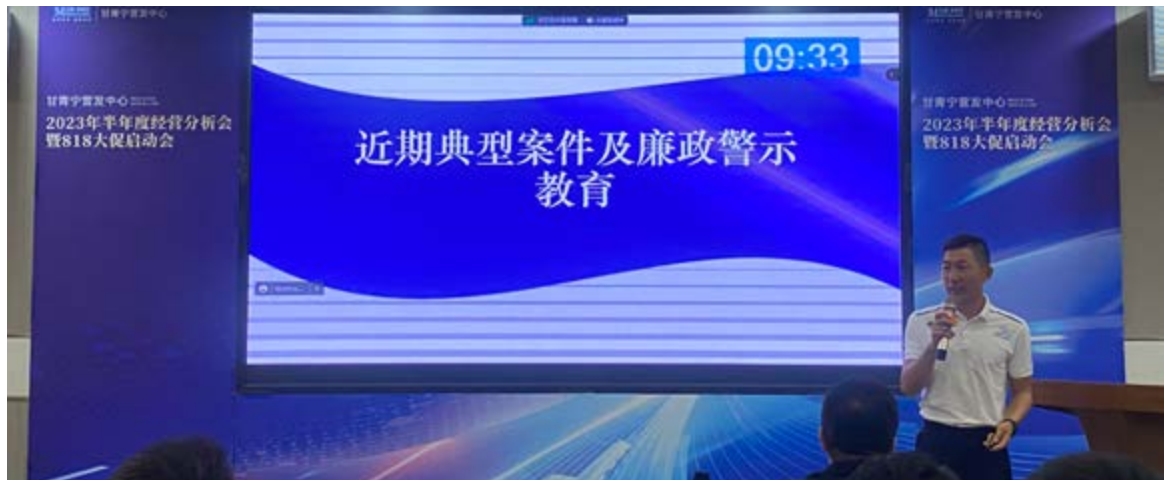
Integrity Promotions

Red Star Macalline regularly organizes the training and promotions on business ethics and integrity for the Company's directors, supervisors, senior management and all formal employees. During the Reporting Period, the Company organized the "month of publicizing integrity and self-discipline" activity, and a variety of integrity and training activities, to comprehensively enhance the awareness of internal business ethics, anti-corruption training and improve the culture of integrity in the Company. In addition to all-staff training, targeted training and promotions were also carried out to enhance integrity awareness of employees. In early 2023, we organized the integrity learning for senior management on New Year, required them to sign *the Eight Prohibitions and the 26 Rules on Integrity*. Every year, the Supervision Department constantly enhances its supervision skills by holding special meetings to summarize the annual supervision work, exchanging experience in supervision, communicating future work plans, organizing training on business ethics and compliance management.



Anti-corruption Promotions for Directors, Supervisors, Senior Management and Employees

During the Reporting Period, the head of the Legal Department of Red Star Macalline organized training on *the Prevention of Duty-related Crimes* for the directors, supervisors and senior management. Staring from the four dimensions of overview, embezzlement, bribery and other crimes, and combining with the actual cases of relevant enterprises, this training expounds various situations of duty crimes, so as to further strengthen the sense of responsibility of directors, supervisors and senior management, and maintain professional ethics.



Integrity Publicity and Training

Whistleblowing Mechanism

We strictly investigate and punish various violations of laws, regulations and disciplines, including embezzlement and misappropriation of corporate assets, acceptance or solicitation of commercial bribes, use of positions for illegitimate interests. Red Star Macalline has provided multiple whistleblowing channels available for all employees, suppliers and business partners.

Whistleblowing channels

Tel.: 021-53208966


Mobile phone: 13818982132

Address: 8F, North Building, Block B, No.2, Lane 1466,Shenchang Road, Minhang District, Shanghai, P.R.C

Zip code: 201106

Email: jt.dcb@chinaredstar.com

Integrity Whistleblowing Board



The Company's Supervision Department is responsible for the identification of reporting contents and investigates any received reports that contain relevant clues and evidence. According to the situation of each case, the person in charge of the Supervision Department shall clarify the case handling methods, which can be divided into transfer to the business line for handling, subordinate supervision and co-handling, supervision of the group supervision department and self-handling. Through timely and effective communication in the handling process, an investigation report and handling opinions can be formed, and next procedure will be processed by Human Resources Department for follow-up.



In addition, we have established a whistleblower protection mechanism, which can be found on the integrity whistleblowing board. We strictly keep confidential on any personal information of any real-name whistleblower, including but not limited to his/her name, contact information, family address and workplace. Besides, when receiving any complaint and verifying the details, we protect the whistleblowers by processing and taking strict confidentiality measures.

Safeguarding Rights and Interests of Business Partners

The Company has taken a series of measures to safeguard the rights and interests of all business partners, to create a fair, justice, and opening business environment in order to achieve mutually beneficial and win-win results. The details of measures are as follows:

Safeguarding the Rights and Interests of Partners of Managed Shopping Malls

- Focusing great emphasis on the audit of the approval process related to the partners, and the completeness and authenticity of relevant authorizations, etc., to reasonably and legally safeguard the rights and interests of partners of Managed Shopping Malls

Safeguarding the Rights and Interests of Suppliers and Merchants

- Providing high-quality services to society, urge our suppliers and merchants to abide by business ethics and social morals during the audit process, and terminate cooperation with the suppliers and merchants that refuse to take rectification measures
- Urging the Company to establish corresponding procedures, strictly monitor and prevent various illegal commercial bribery of suppliers and merchants by the Company or employees
- Ensuring the information security of suppliers and merchants, and prohibit illegal use of information for seeking profits

Safeguarding Rights and Rights of Business Partners

Risk Control

A comprehensive risk control system is essential for an enterprise to better deal with changes and uncertainties in the internal and external environment. The Company attaches great importance to risk management, through establishing a sound risk prevention and control mechanism to better identify and address various potential risks, so as to effectively safeguard the rights and interests of the Company and stakeholders.

Management System

Strictly complying with relevant laws and regulations such as *the Corporate Governance Code, the Audit Law of the People's Republic of China and the Basic Standards for Internal Audit*, Red Star Macalline has established a sound and effective risk management and internal monitoring structure composed of the Board of Directors, the Audit Committee, the Internal Control Management Committee under the Audit Committee, the Internal Control Compliance Department, the Internal Audit Department and various departments of the Company. As the highest decision-making body responsible for the Company's risk management and internal monitoring, the Board of Directors assumes ultimate responsibility for the establishment and effective implementation of the risk management. In addition, the Company has established three lines model (risk management and internal monitoring, internal control of compliance and auditing), to ensure the stability and effectiveness of the risk management system.



Risk Management and Internal Monitoring Management System

Internal Control

The Company has established a comprehensive internal control system by formulating *the Internal Control Management Rules, the Process Management Rules, the Internal Control Evaluation Management Rules* and so on, and integrated these rules into the Company's risk prevention and control system to ensure the company is ready for responding changing market environment at all times. During the Reporting Period, Red Star Macalline has self-assessed the Company's internal control performance on an annual basis, and checked the effectiveness of establishing and implementing relevant rules of the Company in this regard. Meanwhile, the Company strengthened the risk management into online format, including the online seal management system, online contract management system, risk control system, etc., and solidified the control points of basic management, to ensure timely and effective risk control and eliminate hidden hazards.

Internal Audit

During the Reporting Period,

Red Star Macalline organized totally

8 audits

The Company independently conducts internal audits in accordance with *the Internal Audit Rules of Red Star Macalline Group Corporation Ltd.*

Red Star Macalline focuses on financial and engineering audits, including audits on routine operations. The Financial Audit focus on internal control situation, economic responsibility, due diligence, and information system auditing, to ensure the various risks can be fully controlled. The Engineering Audit of the Company focuses on auditing preliminary budgets, construction investigation, and final settlement of account to ensure the effective supervision of the projects on each step and the timely delivery.

During the Reporting Period, the Internal Audit Department of the Company conducted audit by region on a monthly basis according to the audit works determined in the annual audit plan. We audit all Portfolio Shopping Malls in a periodic manner, and conduct key audits on Managed Shopping Malls and new forms of businesses. We conduct other special audits according to the annual audit plan and actual situations. We make corresponding audit conclusions and issue audit reports according to audit results, and track the rectification situation in real time. During the Reporting Period, Red Star Macalline organized totally 8 audits focusing on the effectiveness of establishing and implementing the risk management and internal control system, while conducting selective audits on the business of leasing management, enterprise planning management, property management, etc.

In addition, to improve the efficiency and accuracy of internal audit, we apply intelligent information tools such as System Applications and Products (SAP). The Company is currently providing information technology support for the following two platforms:

Information system support on company level

We have opened the permissions of access to SAP-related financial data and procurement data, DragonWing system data and datafang of audited shopping malls and organizations. We acquire bank statements and merchant sales data from the Company Clearing Center on a monthly basis.

Support through the self-establishment audit information platform

With the help of the Company's Information Technology Department, we have established an intelligent platform for audit supervision and management, thus further improving audit efficiency while sharing audit data.

Information Technology Support to Internal Audits

Intellectual Property

Red Star Macalline always values the application and protection of intellectual property in accordance with the law. To this end, we strictly abide by relevant laws and regulations such as *the Intellectual Property Protection Law of the People's Republic of China and the Trademark Law of the People's Republic of China*, having formulated many internal management rules such as *the Scientific Research Management Rules, the Technical Standards and Construction Method Management Rules and the Patent Management Rules*. By signing confidentiality agreements with all employees and organizing training, etc., the Company's intellectual property rights are fully protected from infringement.

Sustainable Development Management

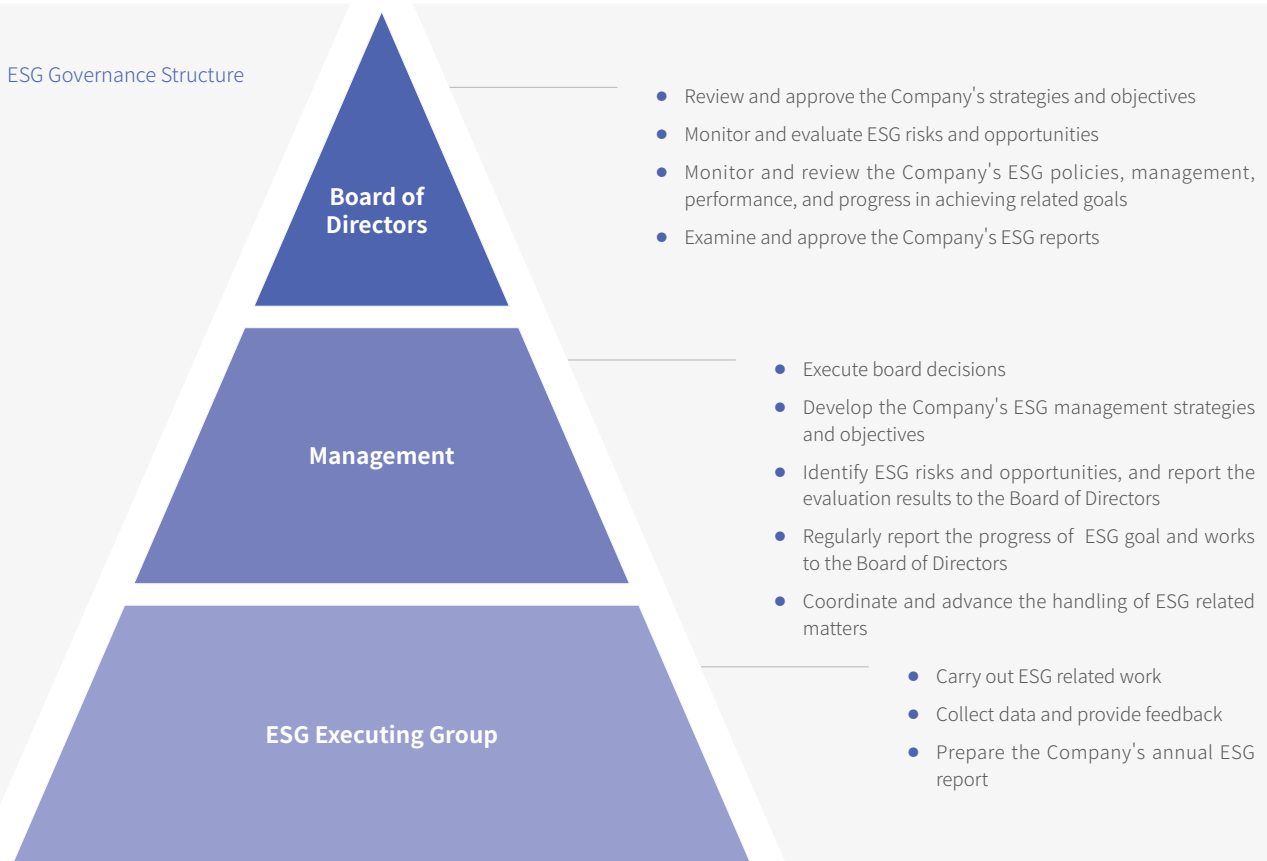


Red Star Macalline has always practiced the concept of sustainable development, insisted the concept of sustainability into the top-level planning of the enterprise, improved the ESG management structure, and clarified the ESG work mechanism. We have listened and responded to the suggestions and expectations of various stakeholders regarding the Company's ESG, strengthened the Company's ESG capacity building, and unswervingly pursued the path of sustainable development.

ESG Governance Structure

ESG management plays an important role for the long-term and sustainable development of the Company. We continue to improve our ESG management system and have established a top-down ESG governance structure with clear division of powers and responsibilities to effectively promote the implementation of ESG work in the Company. The Board of Directors is the highest decision-making body for our ESG work, providing overall leadership and decision-making for ESG management. The management, as the supervisory and coordinating layer, coordinates the implementation of the Board's decisions, is responsible for setting corresponding targets and communicating and coordinating ESG-related matters. The ESG working group composed of relevant functional departments, led by the company secretariat, is responsible for the implementation of the relevant work, so as to realize the effective implementation of ESG work through standardized, systematic and scientific management.

ESG Governance Structure



Board Statement

The Board of Directors assumes ultimate responsibility for the ESG performance of Red Star Macalline. The management designs and reviews the Company's ESG related responsibilities, goals, strategies, policies and so on, and regularly holds meetings to supervise and manage the Company's ESG work, while offering proposals to the Board of Directors.

The ESG Executing Group specifically carries out ESG work. The ESG Executing Group, in cooperation with the management, implements the ESG goals, policies and so forth approved by the Board of Directors, and regularly reports the latest trends and progress of ESG work to provide support.

Every year, the Board of Directors evaluates, prioritizes and finally confirms major issues. The management identifies and evaluates ESG risks and opportunities, and the Board of Directors reviews ESG related risks and determines the risk response strategy and management mechanism, ensuring that the Company has an effective risk management and internal control system.

During the Reporting Period, the Board of Directors conducted a retrospective review of the progress of the ESG targets for 2023 and proposed a future development strategy based on the fulfillment situation. Under the supervision of the Board of Directors and the coordination of the management, the ESG Executive Team is responsible for the implementation of the relevant programs.

Stakeholder Communication

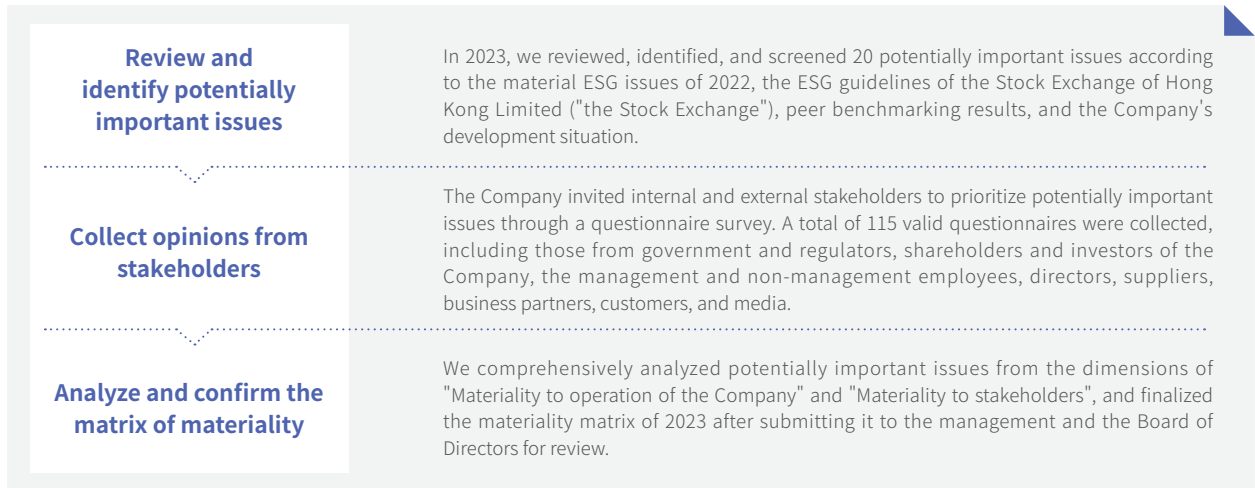
We are committed to building good relationships with our stakeholders, and through the establishment of a regular and diversified communication mechanism, we maintain good communication with our shareholders and investors, government and regulatory agencies, employees, customers, suppliers and business partners, the media, the public and other stakeholders, and gain a deeper understanding of the expectations and demands of each stakeholder, and respond to them with practical actions. In order to enhance the transparency of information and promote mutual communication and cooperation with stakeholders, we regularly update financial reports, company announcements and other relevant information and materials through our official website and other official channels.

In 2023, we achieved two-way communication and benign interaction with various stakeholders through shareholder meetings, performance presentation, roadshows, brokerage strategy meeting, investment banking forum, offline investigation, etc.

Stakeholders	Target areas	Communication methods
 <p>Shareholders & investors</p>	<ul style="list-style-type: none"> • financial performance; • corporate governance; • business ethics and compliance; • information disclosure 	<ul style="list-style-type: none"> • general meeting of shareholders; • press release and announcements; • external reports; • publication of information on the website of the company; • investors' meeting
 <p>Government/regulators</p>	<ul style="list-style-type: none"> • water management • energy management; • emissions management; • labor relations; • social welfare 	<ul style="list-style-type: none"> • compliance reports; • site inspections; • participation in meetings/seminars; • special inquiry/inspection; • license document request
 <p>Employees</p>	<ul style="list-style-type: none"> • labor relations; • employee training and development ; • employees' happiness; • occupational health and safety 	<ul style="list-style-type: none"> • labor contract; • trade union/congress of workers and staff; • leisure time activities; voluntary activities; • communication channels between enterprise and staff; • collective bargaining agreements; • safety and compliance meetings
 <p>Customers</p>	<ul style="list-style-type: none"> • commodity responsibilities; • shopping mall safety; • customer service; • innovative research and development; • customer information and privacy protection 	<ul style="list-style-type: none"> • daily operation/interaction; • key customer seminars; • customers' satisfaction survey; • regular visits; • customers' service center/ hotline
 <p>Suppliers and business partners</p>	<ul style="list-style-type: none"> • supplier management; • green leasing; • tenant engagement 	<ul style="list-style-type: none"> • management-level meetings; • bidding and seminars; • marketing summits; • supplier access and evaluation; • site visits; • daily communication
 <p>Media</p>	<ul style="list-style-type: none"> • commodity responsibilities; • employees' happiness; • innovative research and development; • social welfare 	<ul style="list-style-type: none"> • the Company's official website; • social media; • annual esg report; • direct communication; • public welfare activities
 <p>General public and others</p>	<ul style="list-style-type: none"> • commodity responsibilities; • shopping mall safety; • customer information and privacy protection; • social welfare 	<ul style="list-style-type: none"> • public welfare activities; • community services; • environmental protection activities

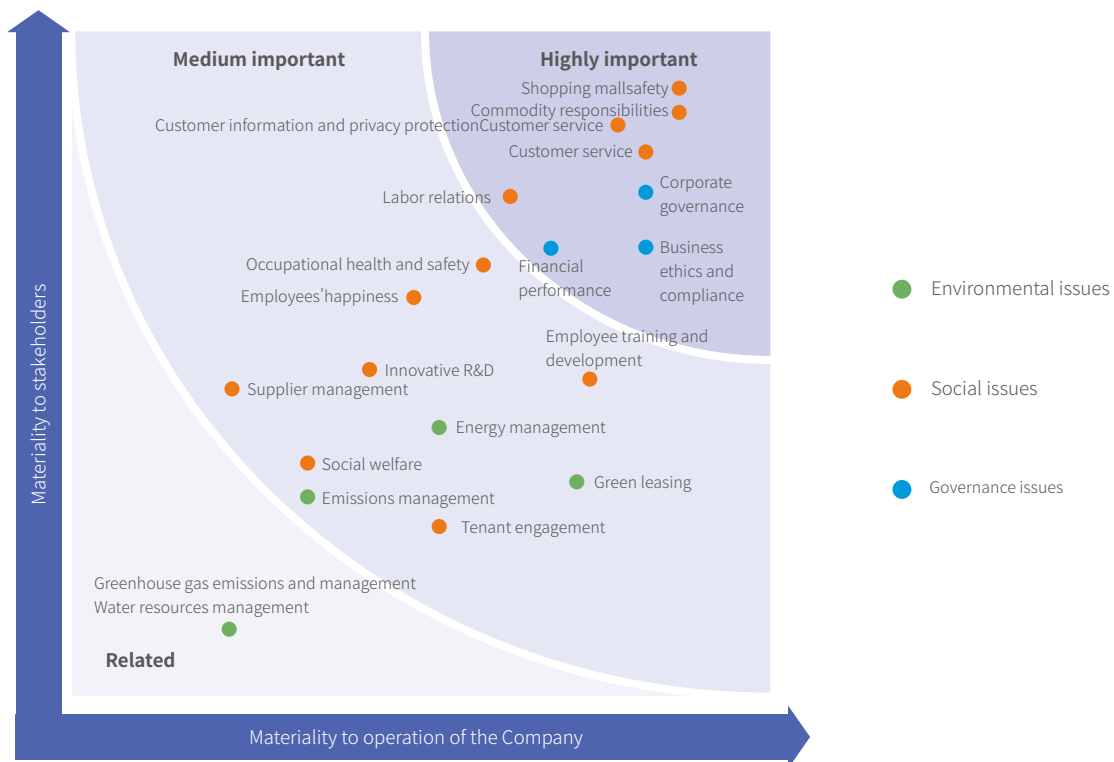
Assessment of Material Issues

Attaching great importance to the identification and management of ESG issues, we regularly collect the opinions and feedback of stakeholders comprehensively to identify material ESG issues, which is of great reference significance to the Company's ESG management.



Process of Assessing and Confirming the Materiality Matrix

In 2023, the Company summarized a total of 20 important issues, including 8 highly important issues, 10 medium important issues and 2 related issues.

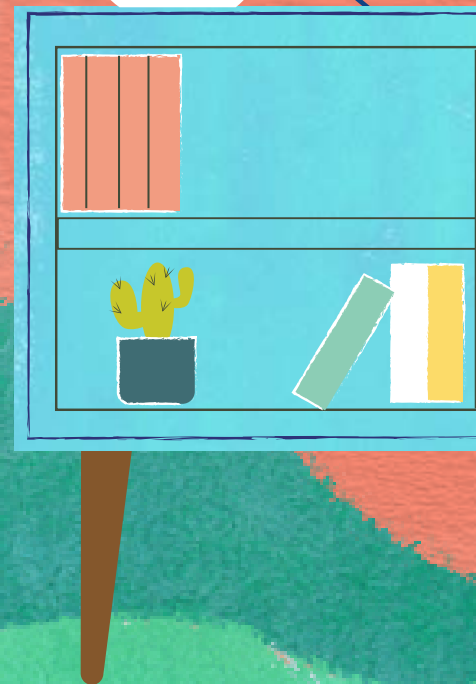


Materiality Matrix

Pursuing Excellence

with Quality First

Always positioning itself as the developer and supervisor of green home furnishing materials in China, Red Star Macalline actively pursues and ensures high quality of products, and continuously improves product delivery capabilities. While constantly upgrading and innovating market modes, Red Star Macalline advocates the home furnishing taste and culture, and is committed to providing consumers with a homey shopping experience and creating an excellent brand.





Exploring New Mode of Home Furnishings Retail

Red Star Macalline has always insisted on the philosophy of being responsible for the environmental protection of the home of each family, and led the transition of home furnishing spending from simply "buying home furnishing products" to "visiting home furnishing product stores" and "appreciating home furnishing products." Strictly controlling product quality, we hope to bring an excellent home furnishing shopping experience to consumers, through constant upgrading and innovation, and building of an online and offline one-stop shopping platform.

Quality Control

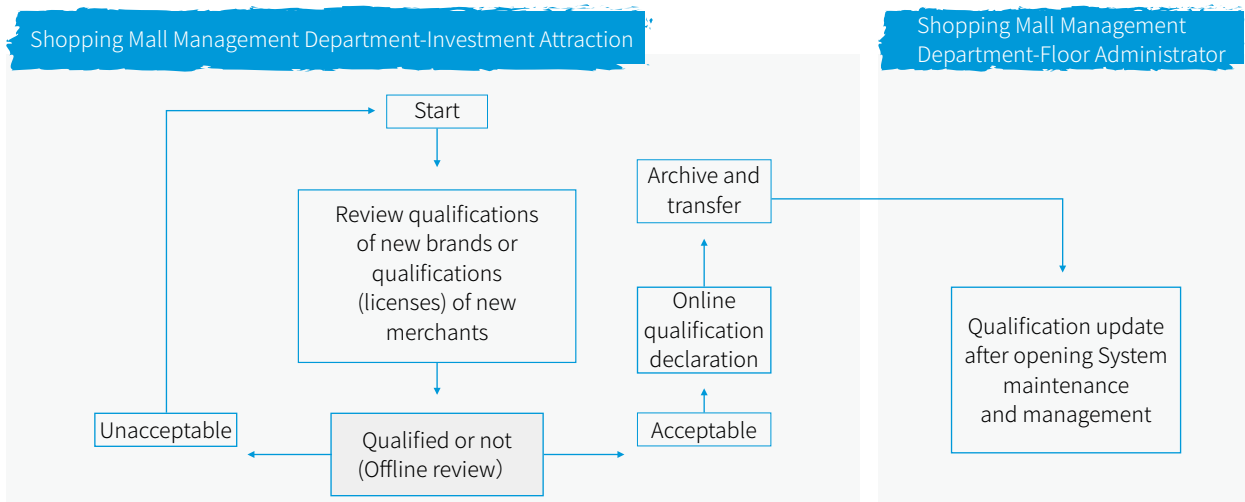
Always considering quality first, we do our utmost to provide customers with high-quality, safe and environmentally friendly products. As a leading enterprise in China's home furnishing industry, we have invested millions of RMB specially for product quality management every year since 2016. Through strict control over product access, optimization of product testing process, and internal training on product quality, we continuously improve the product quality and actively empower merchants.

Product Access

In terms of product access, we have established a sound full-process product quality management system, to achieve rigorous screening for product quality in an all-round manner.

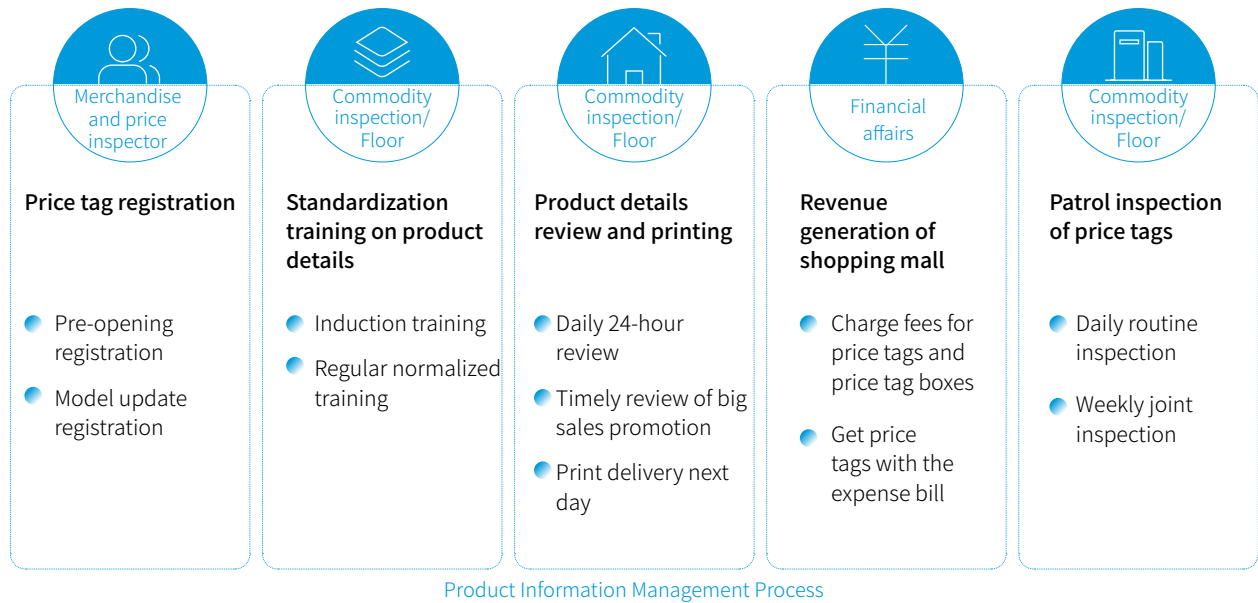
We have established the *Product Access Qualification Management Rules* and the product access qualification management process, to strictly control the quality of brands and products. We require all merchants to provide corresponding qualification documents and qualified product testing reports, and prohibit any unqualified merchants from entering the shopping malls, to minimize the business risks from the source of product access. We have specially established a merchandise management post, namely merchandise and price inspector to inspect and control merchandise. As of the end of the Reporting Period, no products sold or delivered by Red Star Macalline were recalled for safety and health reasons.

Product Access Qualification Management Process



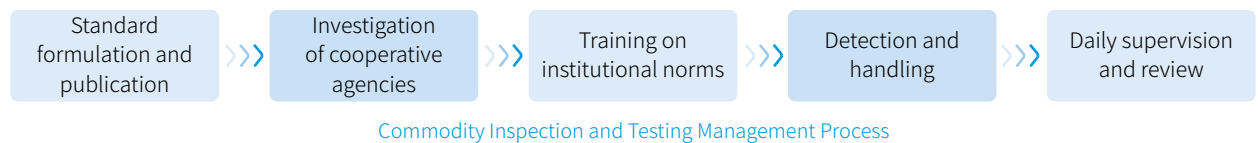
Product Access Qualification Management Process

We have established the *Commodity Information Management Rules* for the admitted products, requiring standardized information labeling of products sold by merchants. Besides, we have established the product information management process and clarified the guidelines for management and maintenance of product information, to ensure the timeliness of product information.



Product Testing

By standardizing and improving the product testing management process and non-conforming product handling process, we are committed to improving the quality of products sold by merchants in the shopping malls.

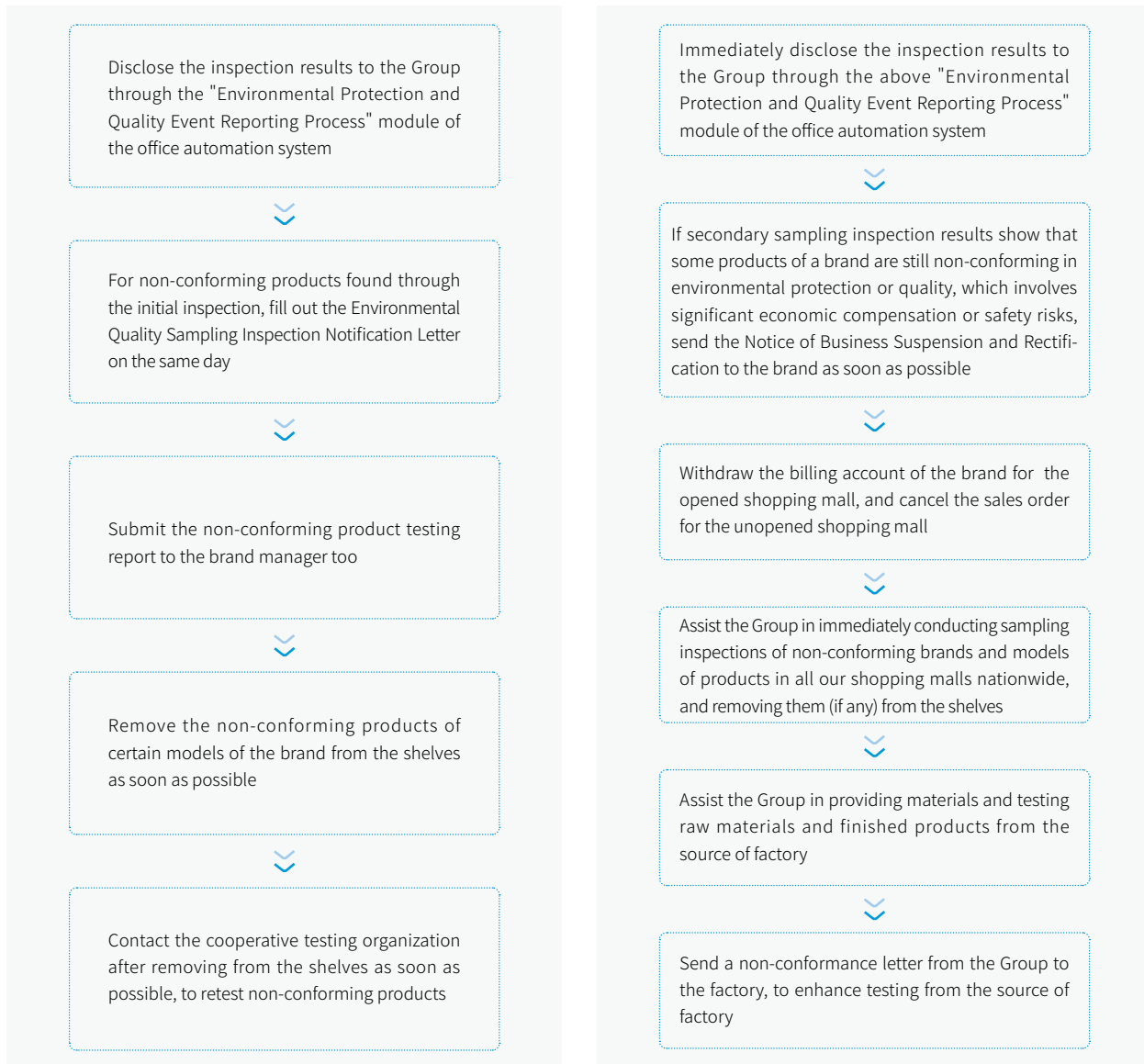


In daily operation, we conduct regular sampling inspection of qualifications of all merchants, and make a reminder for relevant qualifications that are about to expire, so as to ensure that every brand operated in the premises of Red Star Macalline has admission qualification and legally established manufacturers as ensure that consumers can carefreely buy products. In addition, we carry out the "Mysterious Buyer Inspection" activities in all shopping malls of ours, to achieve sampling inspection of products and supervise the quality control situations of merchants and key brands, which plays a stronger role in quality supervision.

Quality Supervision Through the "Mysterious Buyer Inspection" Project

During the Reporting Period, we entrusted 20 national and provincial authoritative testing organizations to conduct random mysterious buyer inspections of 181 key shopping malls nationwide, and the inspections involved approximately 1,800 batches of products of 28 categories. By enhancing overall sampling inspections of key national brands in accordance with the standards of Red Star Macalline, and optimizing the process of disposing of non-conforming products, we have greatly improved the control efficiency of key brands, reduced the risks of product management, and enhanced the standardization and acceptability of sampling inspections of products.

We have established a corresponding mechanism for follow-up disposal of non-conforming products, and different procedures for reporting and disposing of non-conforming products found through initial and secondary sampling inspections respectively, to continuously improve the efficiency of disposing of non-conforming products.



Mechanism for Reporting and Disposing of Non-conforming Products Found Through Initial Sampling Inspection

Mechanism for Reporting and Disposing of Non-conforming Products Found Through Secondary Sampling Inspection

Red Star Macalline continuously improves product inspection capabilities and efficiency. Referring to international experience, we have built an "Official Enquiry Access to Chinese Home Furniture" platform. This platform was initiated by the China Quality Certification Centre, developed by China National Institute of Standardization, and fully operated by Red Star Macalline. To ensure the reliable source of products, Red Star Macalline, relying on the upstream and downstream advantages of the supply chain, has achieved full anti-counterfeiting certification and traceability of home furnishing products through cooperation with home furnishing factories. In this way, we solve some industry problems that "samples do not equal products, products do not equal commodities, and commodities do not equal supplies".

Besides, to further ensure product quality, we evaluate merchants from the source, inspiring them to continuously improve their product quality and service level. From the perspectives of image, service, price, quality, integrity, blacklist behaviors, and customer evaluations, we evaluate and grade our merchants in a three-dimensional and comprehensive manner, having formed an internal merchant management mode.

<p>Merchant credit evaluation indicators</p>	<ul style="list-style-type: none"> • Evaluate and manage the merchants from the dimensions of image, service, price, quality, integrity and blacklist behavior
<p>Merchant credit rating classification</p>	<ul style="list-style-type: none"> • Evaluate the merchants once a month, rate them by five levels (five-star, four-star, three-star, two-star, and one-star), and deprive the star-level qualification of any merchant that seriously infringes upon actual interests of Red Star Macalline and customers
<p>Merchant credit rating process</p>	<ul style="list-style-type: none"> • Conduct star rating management according to evaluating and rating rules customized by shopping malls, and provide merchants with some suggestions on the selection range • Make clear requirements for the data sources of evaluation, such as financial data, customer complaints, tour inspection of shopping malls, environmental quality sampling inspection, internal and external inspections, media exposure, public credit, etc. • Deprive star-level qualifications of unqualified merchants according to "blacklist behaviors" in corresponding management indicators

Merchant Credit Rating Standards and Process




Continuously optimizing and upgrading our merchant credit rating plan, we have upgraded our merchant credit platform, and launched an integrated online and offline merchant credit shopping mall according to the upgraded merchant credit management plan, while creating a new merchant credit inquiry interface. This interface can display the basic information and credit rating of a merchant store, and display merchant credit both online and offline, thus ensuring the authenticity of merchant credit disclosure. During the Reporting Period, we organized more than 1,000 merchant credit ratings nationwide, and over 240,000 online merchant credit queries throughout the year.



Merchant Credit Rating

Quality Training

We actively organize regular and special quality trainings for employees, to enrich their quality knowledge and enhance quality control. Regular trainings include the trainings on product details, environmental protection features of products, core posts, etc.

<p>Training on product details</p>		<ul style="list-style-type: none"> • Provide training on product details and sales promotion compliance for shopping guides or store managers of relevant brands newly admitted to shopping malls
<p>Training on environmental protection features of products</p>		<ul style="list-style-type: none"> • Training on the application of environmental quality testing results
<p>Training on core post</p>		<ul style="list-style-type: none"> • Include the training on office building management, salesperson training, and merchandise inspection training • Organize the training on the application of testing reports on tested brands for shopping guides or store managers, and the training for core posts regarding how to convey information to consumers in a simple and understandable way

We timely provide shopping guides and store managers of relevant brands with special training on newly released quality laws and regulations, as well as national and industry standards. During the Reporting Period, we organized shopping guides or store managers of various brands to receive the product testing training in the laboratory, in response to the release of QB/T 1952.2-2023 "Upholstered Furniture-Spring Mattress"¹ standard on November 1, 2023.

We encourage our employees to continuously learn quality knowledge. Every year, we organize relevant personnel to visit the brand factories for in-depth learning and exchange, where they can learn about advanced manufacturing techniques. In this way, we can grasp industry trends, and improve brand service and quality in a more efficient manner.

Product Innovation

Persisting with the spirit of craftsmanship, constantly upgrading and innovating in product design and green environmental protection, and carrying out diversified innovation activities, Red Star Macalline is committed to bringing customers a safer, green and comfortable home furnishing experience, and boosting the development of the home furnishing industry in China.

¹ QB/T 1952.2-2023 "Upholstered Furniture-Spring Mattress" standard specifies the symbols, classifications, requirements, inspection rules, markings, instructions for use, packaging, transportation, and storage of spring mattresses, as well as corresponding testing methods.

Green Products

The Company devotes to promoting the development of green home furnishing industry through constant improvement in the system for environmental protection management of merchandise, and support to green environmental brands. Attaching great importance to the environmental quality of products, we continue to improve the system of green and environmental protection management of merchandise to enhance the level of green and environmental protection management of merchandise. We regularly engaged an authoritative testing organization in China to conduct random inspections of merchandise in shopping malls, so as to ensure that they meet the environmental protection quality standards of China. During the Reporting Period, we organized 2,580 batches of environmental quality inspections of 236 shopping malls.

Since 2013, Red Star Macalline, in cooperation with China Quality Certification Centre, has organized the "Leading Green Home Brand" certification campaign every year, with an aim of selecting and recommending a number of environmental-friendly brands for consumers and promoting the green environmental-friendly development of the home furnishing industry. At present, this programme is the most influential certification programme of green environmental protection in the home furnishings industry in the PRC, and it has the most advanced and stringent standards of furnishings test. During the Reporting Period, we signed the third five-year strategic cooperation agreement with the China Quality Certification Centre (CQC) and released the annual list of Leading Green Home Brands.



Signing the Strategic Cooperation Agreement

Besides, we actively continued to lead the transformation and upgrading of the home furnishings industry through activities including "Green Week", so as to ensure environmental and healthy life at home.



Special Activity of "Green Week" Empowers Leading Green Home Brands

During the Reporting Period, we organized the 6th "Green Week" activity in all our shopping malls nationwide after publicity both online and offline, to empower leading green home brands. We organized Green Running activities with the theme of "Green Leader" in 261 shopping malls nationwide, with a total of 26,563 participants, and 230 "Green Week" themed activities were held in all shopping malls. During the activities, our shopping malls nationwide, in collaboration with 665 brands, organized 270 environmental-protection live streaming events with over 30,000 viewers and over 2.7 million likes. In order to further publicize leading green brands, we joined hands with over 1,000 mainstream home furnishing brands, comprehensively reporting the event, with an exposure of over 2 million.

Participants

26,563



Green Running Activity with the Theme of "Green Leader"

A total of

3.3 million

viewers

Through regular environmental protection publicity, we hope to promote green development of brands and guide consumers in environmentally-friendly home furnishing consumption. During the Reporting Period, we, in conjunction with 10 major green door and window brands, held the special seminar themed by "Green 0 Decibels", which was simultaneously promoted and reported by more than 40 official mainstream media, with a total of 3.3 million viewers. In addition, 216 shopping malls nationwide organized live streaming of door and window products, with a total of 500,000 viewers, which achieved the effect of environmental protection and synchronized brand promotion, and contributed to the green development of industry.

Innovative Design

Shouldering the mission of "born for beauty and designing for life in China", Red Star Macalline continuously increases investment in innovation and research, including innovation in product quality. By optimizing the aesthetic design and promoting home decoration services, we hope to bring consumers a high-quality aesthetic life experience.

During the Reporting Period, we made technological breakthroughs in prevention of mold, seepage, cracking and moisture, and applied for multiple patents, including "Anti-blocking accumulated water drainage structure", "Light steel keel anti-cracking structure", "Internal corner and external corner connecting structure of wall tile", etc. The first two patents have been certified.



Anti-blocking Accumulated Water Drainage Structure



Light Steel Keel Anti-cracking Structure

In addition to technological breakthroughs, we make constant innovations in home decoration design and organize various design trainings and competitions, and design scheme exchange meetings, motivating employees to make constant innovations and attempts.



Training on Elderly-oriented Design of Indoor Residences

During the Reporting Period, we organized the special training on elderly-oriented design of indoor residences for employees from all our shopping malls nationwide. This training was mainly specific to designers, and also applicable to store managers and business representatives of stores. This training composed of two parts was mainly given by Mr. Xue Gang from the Design Department of the Home Decoration Headquarters. After the training, the training courseware was uploaded to the "Macalline Cloud" for employees to download and learn independently. This training rendered innovative ideas of the elderly-oriented design to design staff, and stimulated their innovative inspiration, inspiring them to provide consumers with more comfortable home furnishing products.



M+Designer Design Competition: Promoting the Organic Integration of Design and Environmental Public Welfare

In September 2023, the "2022M+China High-end Interior Design Competition Award Ceremony and 2023 Kick-off Ceremony" with the theme of "Everything New" was successfully held in Shanghai. The M+China High-end Interior Design Competition initiated by Red Star Macalline has been held for five times so far.

The M+China High-end Interior Design Competition aims at finding out more excellent original design works and supporting new design forces, so as to jointly improve the people's taste in shopping and home life. Based on the competition principle of "fairness, beauty, integration and inheritance", Red Star Macalline integrates competition resources with the to-be-built "M+High-end Design Center", to form a one-stop scenario service platform that integrates high-end design, luxury residential concept scene space, high-end building materials and home furnishings, high-end electric appliance supply chain, and concealed electromechanical engineering, which will facilitate the high-end designer business.



M+Designer Design Competition

New Retail for the Home Furnishing Industry

During the Reporting Period, we cumulatively attracted

110.11 million

viewers online

Amid constant upgrading and innovation, Red Star Macalline has taken the lead in implementing the online and offline live streaming model, and conducted digital upgrading of our shopping malls across China, to provide a better home furnishing shopping experience to consumers. In 2019, Red Star Macalline and Alibaba deepened strategic cooperation and jointly explored new retail models for home furnishings, launching Tmall Tongcheng Station². During the Reporting Period, Red Star Macalline further deepened strategic cooperation with Alibaba mainly through Taobao, while actively seeking cooperation with Douyin as a supplement. While deepening online and offline operations, we focused on principal operations and continued to increase the revenue of the Company through cost reduction, efficiency improvement, organizational integration, value creation, and effective operation of front-line shopping malls. During the Reporting Period, we cumulatively attracted 110.11 million viewers online, and gained 924,000 potential customers.



Focusing on Improving Quality of Live Streaming by 10,000 People

During the Reporting Period, we further improved the quality of live streaming by 10,000 top shopping guides by controlling the frequency and scale, and improved the rate of conversion from traffic to potential customers and from potential customers to in-store customers. Following the strategy of prioritizing quantity over quality and improving both quantity and quality, we encourage active live streaming through our 32,000 accounts, on the basis of training, notification, case mining, etc. Through one year of unremitting efforts, we increased the live streaming times by 189%, and direct and guided transactions by 217% on a year-on-year (YoY) basis. During the Reporting Period, we cumulatively attracted nearly 30 million viewers through live streaming, a YoY increase of 49%, and the customer sources increased by 40% on a YoY basis.

² Tmall Tongcheng Station is a location-based service (LBS) interface that enables localized product display, localized service delivery, and online push of local products of the region where consumers are located. When a consumer enters the "Tmall Tongcheng Station" interface, the backend system will locate his/her geographical location and automatically generate a "Tongcheng Station" browsing interface for the city where he/she is located, so that he/she can purchase home furnishing products from our offline shopping malls in that city even at home.

Actively carrying out diversified marketing activities both online and offline, we have launched major promotional IPs such as the "315 FUN Shopping Festival" and "818 FUN Shopping Festival". Actively gathering top-tier brands, mid-tier brands and popular brands, we strive to meet the upgrading and improvement needs of high-net-worth consumers.



315 FUN Shopping Festival: Sharing Consumption Recovery Dividends

As the first super-promotion event in the home furnishing industry at the beginning of 2023, "315 FUN Shopping Festival" was held from February 11 to March 26. During the Festival, Red Star Macalline, in conjunction with thousands of upstream and downstream brands, invested one third of total resources to fire an opening shot in the spring clothing market. Consumers truly enjoyed the fun of shopping at ease, and more brands and dealers shared the dividends of consumption recovery. On February 14, a new round of brand competition was kicked off.

According to national statistics from Red Star Macalline, passenger flow, consumers and total customer value increased by 15.8%, 23% and 6% respectively on a YoY basis, while the sales revenue stably rose than last year during the "315 FUN Shopping Festival". Meanwhile, Cheers, Jomoo, Midea, Fotile and other brands achieved a double-digit or even double growth on a YoY basis.



315 FUN Shopping Festival



818 FUN Shopping Festival: Highlighting the Potential of the Consumer Market

On July 9, 2023, the "818 FUN Shopping Festival" (from July 21 to August 20) was kicked off in Guangzhou. Red Star Macalline cooperated with top 100 brands in sales promotion of furniture, building materials, electric appliances and so on in 400 home furnishing shopping malls in more than 200 cities of China.

During the Festival, various regions of Red Star Macalline distributed a lot of consumption vouchers, "old-for-new" vouchers, and consumption subsidies, and carried out many sales promotion activities including the concert, electronic music festival, independent IP festival activities, live streaming through Douyin, topic marketing, dinner party, blind box drawing, services in the community, and meeting on group purchase of real estate, to benefit as many consumers as possible. According to data statistics and analysis results, the traffic flow and overall sales revenue of Red Star Macalline's shopping malls nationwide increased by 13% and 21% on a YoY basis, with an increase in both average transaction value and total customer value, highlighting the huge potential of the urban home furnishing consumption market.



818 FUN Shopping Festival



Import Festival: Advocating Quality Lifestyle

In October 2023, Red Star Macalline hosted the Fourth Imported Home Furnishings Appreciation Month themed by "Beauty of Trend Everywhere" in the new lifestyle community Aranya. Nearly 130 people, including 11 internationally renowned brands of home furnishings, building materials and electric appliances, designers from 11 cities, and some representatives of Red Star Macalline, jointly presented a feast of imported products and design aesthetics. At that time, international brands, Red Star Macalline and designers shared their views on aesthetic space and aesthetic life, jointly advocating the quality lifestyle.



Import Festival



China International Furniture Fair (CIFF): Establishing a High-Quality Merchant Platform

In September 2023, the CIFF (Shanghai) jointly hosted by Red Star Macalline and China Foreign Trade Guangzhou Exhibition Co., Ltd. was held at the National Exhibition and Convention Center in Hongqiao, Shanghai, which provided a best platform for brand display, sales and service, linkage between exhibition stores, and development of excellent merchants. The CIFF aimed at revitalizing consumers' vitality, the home furnishing industry, four major sub exhibitions and internal and external circulation, bringing a wonderful and unparalleled new home furnishing experience to consumers. During the CIFF, we specially set the Public Consumption Day for the first time, screened out 100 enterprises of sleep products, sofas, soft decorations, outdoor furniture and so on for the home furnishing consumption festival, and set up showrooms for thousands of home furnishing products of hundreds of brands.



CIFF



China International Import Expo (CIIE): Accelerating the Introduction of Brands of Home Furnishings and Electric Appliances

During the Reporting Period, Red Star Macalline became the sole exhibition partner of CIIE in the home furnishing sector, and deeply participated in the work of consulting and investment attracting for brands of imported home furnishings and electric appliances.

The 6th CIIE was held in Shanghai from November 5 to 10, 2023. As a Chinese home furnishing circulation platform rooted in Shanghai, Red Star Macalline, fully leveraging its advantages in home furnishing, successfully introduced four major international home furnishing appliance brands, and accelerated the expansion of the "circle of friends" of the CIIE. Meanwhile, we helped the participating brands of imported home furnishings and electric appliances quickly sell their products through our shopping malls nationwide, bringing a beautiful life experience from abroad to Chinese people.

Creating a Star-level Customer Experience

Always paying close attention to consumer needs, Red Star Macalline, based on the corporate mission and the value philosophy of putting customers first, is committed to providing customers with all-round home life solutions, so that customers can enjoy high-quality home life. We constantly improve customer satisfaction by bringing a reassuring and comfortable shopping experience to customers in our safe shopping malls and continuously optimizing the customer complaint handling process.

Ensuring Customer Safety

Attaching great importance to customer safety, we provide comprehensive safety assurance for customers through high-quality engineering construction and shopping mall operation. We strive to become an industry benchmark in safety risk prevention and control.

Engineering Quality Assurance



Quality Management System Certificate

Putting the safety of our customers and surrounding communities in the first place, we focus on ensuring safe operations through high-quality engineering construction. During the on-site construction process of shopping mall, we strictly follow relevant laws and regulations such as the Administrative Regulations on the Work Safety of Construction Projects. Besides, we have established some internal rules such as the New Store Management Manual to standardize on-site safety construction of new stores.

To further improve our quality and safety system, we have established the safety management architecture, specified each accountability management module of shopping malls, and further improved the risk prevention capabilities of shopping malls and adjacent buildings. We deal with emergencies according to the management standards of "maintaining stability, ensuring safety, eliminating hazards and supporting operations", to reduce the safety accidents in the surrounding communities. The construction engineering sector of Red Star Macalline has passed the quality management system certification.



Operation Safety of Shopping Mall

In order to enhance the safety management of shopping malls and eliminate various safety risks and hazards from the source, we have updated and revised a total of 18 safety related rules and regulations, including the *Manual of Franchised Property Management for Shopping Mall Safety 1.0*, *2023 Technical Management Manual of the Properties of Shopping Malls - Safety*, *Norms of Item Setting for Atrium Leisure Chairs and Outer Wall Windows*, etc. During the daily operation of shopping malls, we formulated 19 safety control notices, such as the *Standardization of Requirements on Patrol Inspection by Security Guards* and *Work of Fixed Posts in Shopping Malls*, the *Implementation of the System for Safety Management of Properties in Business Streets*, the *Implementation of the Standards of Patrol Inspection of Compartments and Storehouses in Shopping Malls*, the *Standardization of Management of Hot Work and Thermal Insulation Materials in Shopping Malls*, and the *Technical Management Manual of Properties in Shopping Malls – Safety*, thus greatly improving the safety management level of shopping malls.

Continuously optimizing the operational safety system, we, under the leadership of the Safety Management Department, have upgraded and applied the 2.0 version of the operational safety tour inspection system in all shopping malls nationwide, while organizing monthly assessment and supervision. Besides, we actively build and select exemplary shopping malls of safety training, and reselect every six months. The selected exemplary shopping malls of safety training need to regularly develop various safety training courseware, guide the training work for various shopping malls within their jurisdiction, and actively develop safety innovation management cases and tools to improve the safety management level and organizational efficiency.

To avoid potential safety risks, we have taken diversified safety precautions and retrofitted multiple equipment, to build a firewall for preventing production safety accidents in advance.

Safety protection equipment/announcement	Safety protection effect	Equipment drawing
Intelligent large LED screen	Smoke detectors, temperature detectors, automatic fire extinguisher stickers and other devices are installed, which are combined with the intelligent large LED screens for effective temperature monitoring.	
Application of temperature indicating recorder labels	Temperature indicating recorder labels are pasted on equipment circuits, switches and other positions. When the temperature of a target site reaches the rated temperature of the color changing area, the temperature indicating recorder label will change from its original color to the temperature indicating color, so that tour inspection personnel can easily detect hidden hazards from temperature rise as soon as possible.	
Standardized color block management of fire alarm control panel	Various startup devices are marked with different background colors, so that on-duty personnel can quickly distinguish device types during daily testing, so as to avoid startup errors and improve work efficiency and safety utilization rate.	
Wireless temperature sensor with the electric heat tracing system	The sensor is customized according to the actual situation on site, automatically gives an alarm of high temperature and sends it to the mobile terminal. Also, the mobile terminal can send instructions to the sensor. In this way, we can achieve real-time monitoring and avoid blind spots in supervision.	
Multi-purpose electric trolley for decoration safety	To comprehensively enhance the safety management at decoration sites, we have normalized and optimized the processes of using temporary electrical wires, hanging items, placing tools, configuring fire extinguishers and conducting on-site tour inspections.	

Safety Protection Equipment

In addition, we implement the three-level inspection mechanism for identifying hidden safety hazards, and inspection contents include the shopping mall building structure, facilities and equipment, business booths, decoration booths, vacant booths, cross-industry cooperation in catering, emergency response, and off-hour control. Our regional directors conduct tour inspection of stores and organize mutual inspection of shopping malls in safety on a quarterly basis. In addition, shopping malls carry out weekly and monthly self-inspections and rectification in safety. We comprehensively advance the safety hazard identification and rectification of shopping malls. During the Reporting Period, we organized two safety hazard inspections of 300 shopping malls throughout the year.

We actively organize various safety related trainings and drills, publicize safety awareness, and constantly enhance internal safety culture building. Our Jilin Shopping Mall won the title of "2023 Fire Protection Demonstration Organization".



Jilin Shopping Mall's Certificate of 2023 Fire Protection Demonstration Organization



Operational Safety Training to Enhance Safety Awareness

During the Reporting Period, we organized 10,676 operational safety trainings at the levels of the Group and region, benefiting 201,573 people including our employees, merchant salespersons, decoration personnel, personnel from other industries than catering, and third-party personnel. The training contents included safe electricity consumption, "four understandings and four skills" of fire protection, use of fire extinguishers, decoration management norms, national institutional norms, commercial warning cases, various

notification norms, etc. Besides, we organize offline safety publicity through the bulletin boards, promotional boards, large screens in the central halls, LED screens at the storefront signboards of shopping mall, staff passages, and other areas in the shopping malls, while carrying out various forms of online publicity through WeChat promotion from time to time. Throughout the year, we organized publicity for a total of 3,312 times.

Organized operational safety trainings

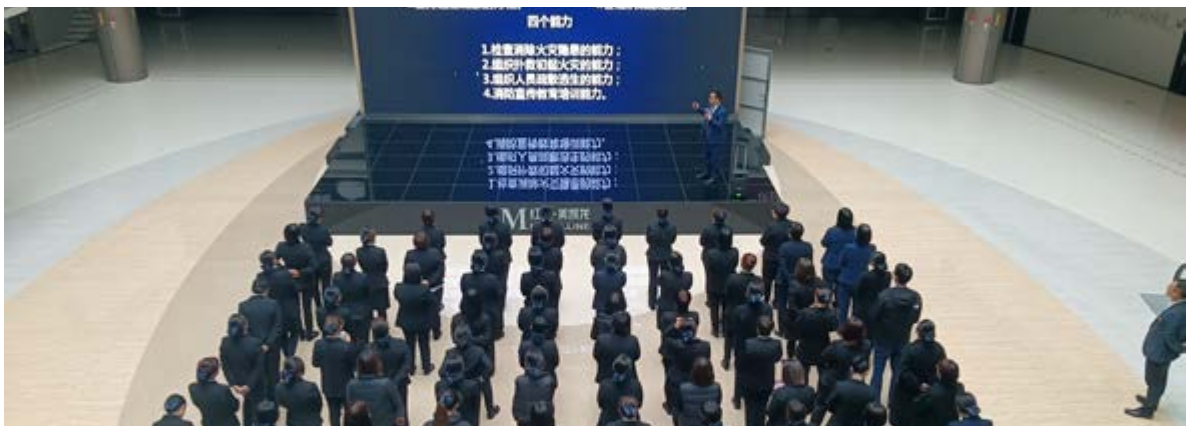
10,676

Benefiting

201,573 people

Organized publicity for a total of

3,312 times



Operational Safety Training

Optimizing Customer Experience

As a leading brand in home furnishings, Red Star Macalline is always committed to providing consumers with diverse home furnishing products and high-quality shopping experiences. To meet customers' needs, we continuously provide them with diversified, humanized and personalized services.

Category Expansion

Actively making forward-looking attempts and differentiating marketing strategies, we continuously expand the categories of life necessities, to enhance the overall competitiveness of home furnishing stores. During the Reporting Period, we expanded the categories of fashion catering products from a humanized perspective to meet the customers' needs for dining outside. By introducing the categories of fashion catering products, we change each home furnishing store into a comprehensive and interactive place that integrates shopping, dining, leisure and other functions, where customers can complete one-stop shopping in a better way. Red Star Macalline has established strategic partnerships with many catering chain brands, while expanding the internal dealer catering business. In the future, more shopping malls of ours will introduce experiential categories of products and services to provide consumers with richer, more diverse and more convenient shopping experiences.



Multi-category Fusion

Home-based Services

During the Reporting Period, Red Star Macalline, by integrating professional maintenance service teams, provided customers with all-round home life solutions covering six major product lines and more than 50 services, including maintenance and cleaning of home furnishings, air treatment, household appliance cleaning. Besides, we carried out five themed activities, including "Spring Renewal" and "Cool Summer", to support the sale of categories based on the large promotion activities. We provided home-based services for about 400,000 households. Our shopping malls in Chongqing and Shandong have launched intra-city special home-based services such as "Yuxiaoxing to My Home" and "Mr. Lu to My Home", which have received unanimous praises from local customers.



Home-based Services

Membership Services

During the Reporting Period, Red Star Macalline continued to deepen membership services in 96 shopping malls, stimulated purchasing power and consumption power, and enabled the operation of shopping malls mainly through member registration, consumption points and point redemption. We also provided consumers with all kinds of physical and membership rights, including parking, car washing, home-based service and gifts of home furnishings, so that consumers could enjoy the quality service of Red Star at home.



Membership Services

Door-to-door Visit Service

During the Reporting Period, the staff of Red Star Macalline shopping malls in China visited regular customers on a door-to-door basis, listened to suggestions of customers, solved after-sales problems, and gave away high-end home furnishings maintenance services including cleaning of home appliances and home furnishings. Meanwhile, the general managers of provincial centers and shopping malls and other management played a leading and exemplary role, and we visited a total of 60,000 customers. Since 2016, we have visited more than 500,000 consumers, continuously improving our service reputation.



Door-to-door Visit Service

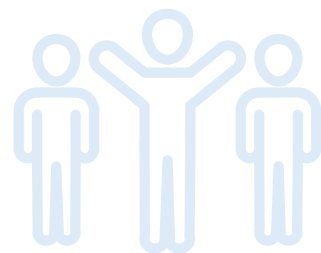
Accessibility Design

Fully taking into account various customer needs, Red Star Macalline spares no effort to bring a comfortable and convenient shopping experience to all customers. During the Reporting Period, we conducted accessibility design and construction for disabled consumers, to improve the level of humanized services.



Ningbo Yaojiang Home Furnishing Shopping Mall: Accessibility Design and Construction

During the Reporting Period, we improved accessibility design and construction of Ningbo Yaojiang Home Furnishing Shopping Mall. We built flat-slope entrances and exits with a slope of 1:30 at each main entrance of the project, and installed automatic doors with a net width of 1.0m, and glass doors with 350mm high baffles. Besides, there are dedicated accessible bathrooms on each floor of the shopping mall, and accessible parking spaces are available in the underground garage and on the ground. We have posted accessible signs at conspicuous positions of main entrances, passages, parking spaces, toilets, elevators, etc.



Smart Operations

To continuously improve the in-store customer experience, we have developed a digital App and carried out pilot work in major cities such as Shanghai, Beijing and Tianjin. This App, in combination with the original membership, parking and other systems, brings an upgraded user experience for different consumption scenarios in the shopping malls. As of the end of the Reporting Period, the digital App, in five months since being launched, had been registered and used by over tens of thousands of private members from various pilot shopping malls. Thanks to attempts in smart operations, we have not only optimized the user experience, but also have collected enough consumer portrait data, thus laying a digital foundation for the subsequent membership system implementation and marketing of shopping malls.

Empowering Dealers

We actively improve our operational efficiency by empowering dealers. During the Reporting Period, our Internet Operation Center continued to enhance merchandise collection, launched the project of merchandise collection of key customer brands, and boosted dealers' accepting of customers regionally, to relieve the problems including weak operation ability of regional dealers, slow customer service, and failure of commodity weight aggregation. As of the end of the Reporting Period, we officially established partnerships with 14 brand dealers, launched 12 brands, collected 408 products, integrated a total of 928 stores, with a collection conversion rate of 84%, and cumulatively achieved GMV of RMB 31.63 million³.



³ GMV refers to the gross merchandise volume as one of the indicators of e-commerce transactions.

Handling Customer Complaints

We value and actively handle customer complaints. We have formulated a series of customer complaint handling rules, including the *Implementation Rules for Handling and Management of Customer Complaints* and the *Rules and Basic Procedures of Customer Complaint Treatment Services*, which specify the complaint handling process, handling skills and responsibilities of each department. Our shopping mall and internal performance appraisal covers customer complaint satisfaction evaluation. In the shopping mall appraisal process, we follow up with each complaining customer, and evaluate the customer complaint satisfaction for the shopping mall from two aspects, namely handling results and attitude. We conduct the internal appraisal from three aspects, namely handling time, results and attitude.

Adhering to the service philosophy of "customer first", we have built professional customer service teams. We have more than 600 senior customer complaint consultants responsible for handling customer complaints nationwide. By solidly enhancing the training and ability building of customer complaint handlers, and guiding the provincial centers to organize training of employees occupying core posts, we have enhanced employees' job competence, and cultivated 67 intermediate customer complaint consultants, 19 advanced customer complaint consultants, and seven senior customer complaint consultants. During the Reporting Period, we conducted more than 200 annual professional knowledge training sessions for new customer complaint handlers, thus comprehensively improving their professional skills in terms of product knowledge, legal knowledge and complaint handling skills.

To ensure the timeliness of handling customer complaints, we follow the principles of "respond quickly in 20 minutes, provide solutions in 24 hours, and close the case in 5 days." and adhere to the policy of "first asking responsibility, compliance with laws and regulations, rapid handling and customer satisfaction" in handling consumer problems, to ensure satisfactory handling of customer complaints. We have established a number of online and offline complaint channels, including 400 call center, microblog, WeChat, shopping mall service desk, and tenant feedback. After any customer complaint is received, the Group, shopping malls and tenants will work together to settle the doubts of consumers. Working together with government and enterprises to handle customer complaints, we have set up more than 200 websites for the protection of consumer rights, having won unanimous recognition from local government and customers.

During the Reporting Period, we received a total of 113 important customer complaints about products and services, with the handling satisfaction rate of over 90%.



Safeguarding Customer Rights and Interests

Responsible Marketing

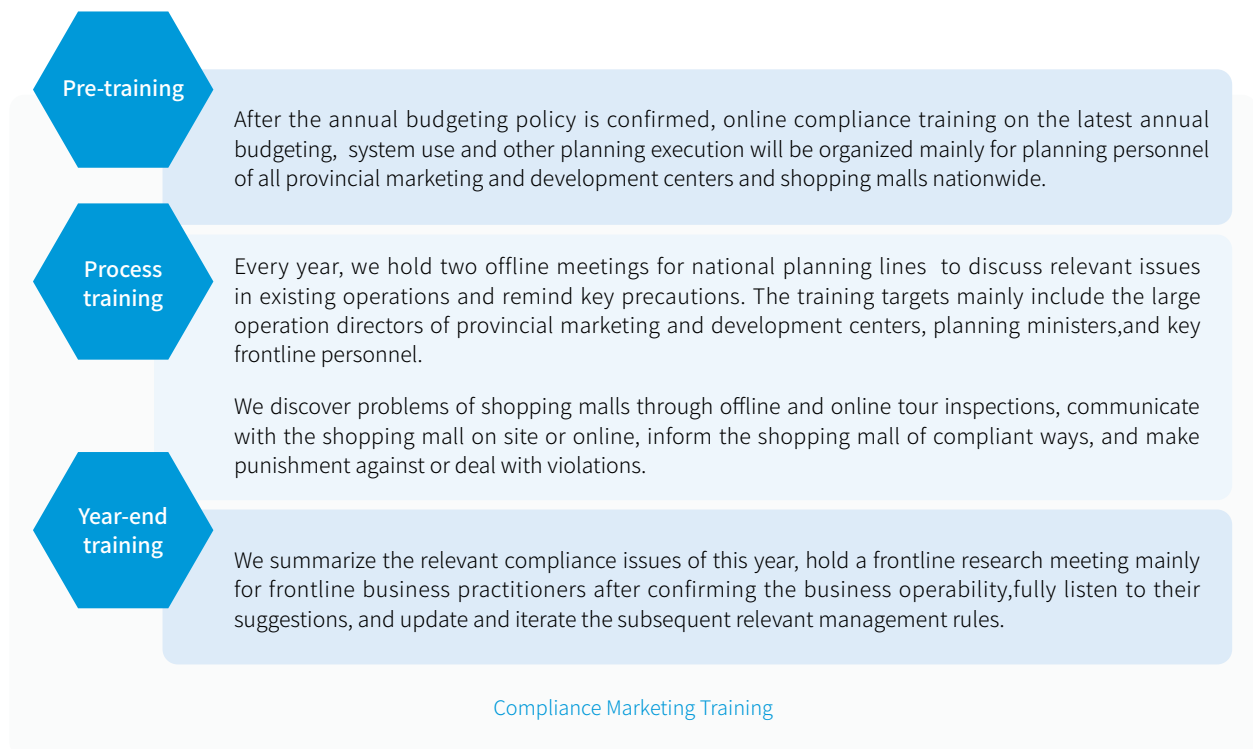
Following the principle of responsible marketing, we actively carry out various marketing activities ensuring compliance. Continuously optimizing the new model of retail both online and offline, we have achieved digital upgrading of shopping malls nationwide, and helped brands achieve efficient traffic conversion, thus bringing a better home furnishing shopping experience to customers.

Strictly complying with the *Anti-Unfair Competition Law of the People's Republic of China*, the *Advertisement Law of the People's Republic of China* and other laws and regulations, we carry out marketing activities in a reasonable and compliant manner. We have established several internal compliance marketing rules such as the *Unified Marketing Management Rules of Red Star Macalline*, to regulate the marketing process management. We guide the provincial and regional marketing and development teams and shopping malls to carry out various marketing activities in an orderly manner.

In addition to internal marketing rules, a unified process of marketing planning, execution, summary and evaluation has been established, to effectively improve the marketing effect.



We continuously improve the level of compliance marketing by actively organizing compliance marketing trainings, including pre-training, process training and year-end training.



Protecting Customer Privacy

We respect and protect customer information and privacy, and strictly comply with the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and the *Law of the People's Republic of China on Protection of Personal Information*. Actively improving the information security management team, we have built a professional information security team, to protect customers' privacy through a combination of technology and management. Besides, we take various measures to protect customer privacy. In operation, we standardize the collection, holding, use and processing of customer information by specifying the privilege of access to customer documents according to the duties of sales personnel, so as to fully protect the privacy of customers.

As of the end of the Reporting Period, we basically achieved the whole life cycle management of data from generation to destruction and passed the national-level protection evaluation, thus further enhancing customer information security in activities and marketing.

Gathering Powers

to Support Employee Development

Valuing the realization of employee value, Red Star Macalline is committed to creating a fair, healthy, upward and efficient workplace environment so as to ensure a favorable work experience for employees. Actively safeguarding the basic rights and interests of employees, we continuously optimize the compensation and benefits system and improve the training and development system, to help our employees achieve career aspirations. Meeting the reasonable needs of our employees as much as possible, we carry out various diverse activities to enhance their sense of happiness. We would like to work hand in hand with our employees to grow together.





Safeguarding Employee Rights and Interests



Red Star Macalline continuously deepens employee recruitment work and continuously improves measures to protect the rights and interests of employees. We will always work with our employees to develop and empower each other on the basis of protecting their basic rights and interests from being violated.

Recruitment Management

We recruit personnel in strict accordance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other laws and regulations. Following the principle of equal employment, we resolutely eliminate any discriminatory behaviors in the recruitment and development of employees that occur due to any reasons related to age, nationality, marital status, race, skin color, ethnicity, religious beliefs, physical conditions, gender identity, etc.

Female employees reached up to

43%

Red Star Macalline vigorously advocates the diverse and inclusive corporate culture. We prefer recruitment of employees with diverse backgrounds, hoping to achieve diversity of corporate culture. We actively attract talents through campus recruitment, social recruitment and the Talent Marketplace plan, having built a talent team. We strive to ensure the high working efficiency of the talent team by regularly reviewing talents for business development, continuously optimizing talent demand, understanding the current situation of talent reserve, and cultivating special talents. To ensure the effectiveness of related work, we regularly monitor key performance indicators (KPIs) in diversity, inclusiveness and equality, and report work to the management.

Employed

23

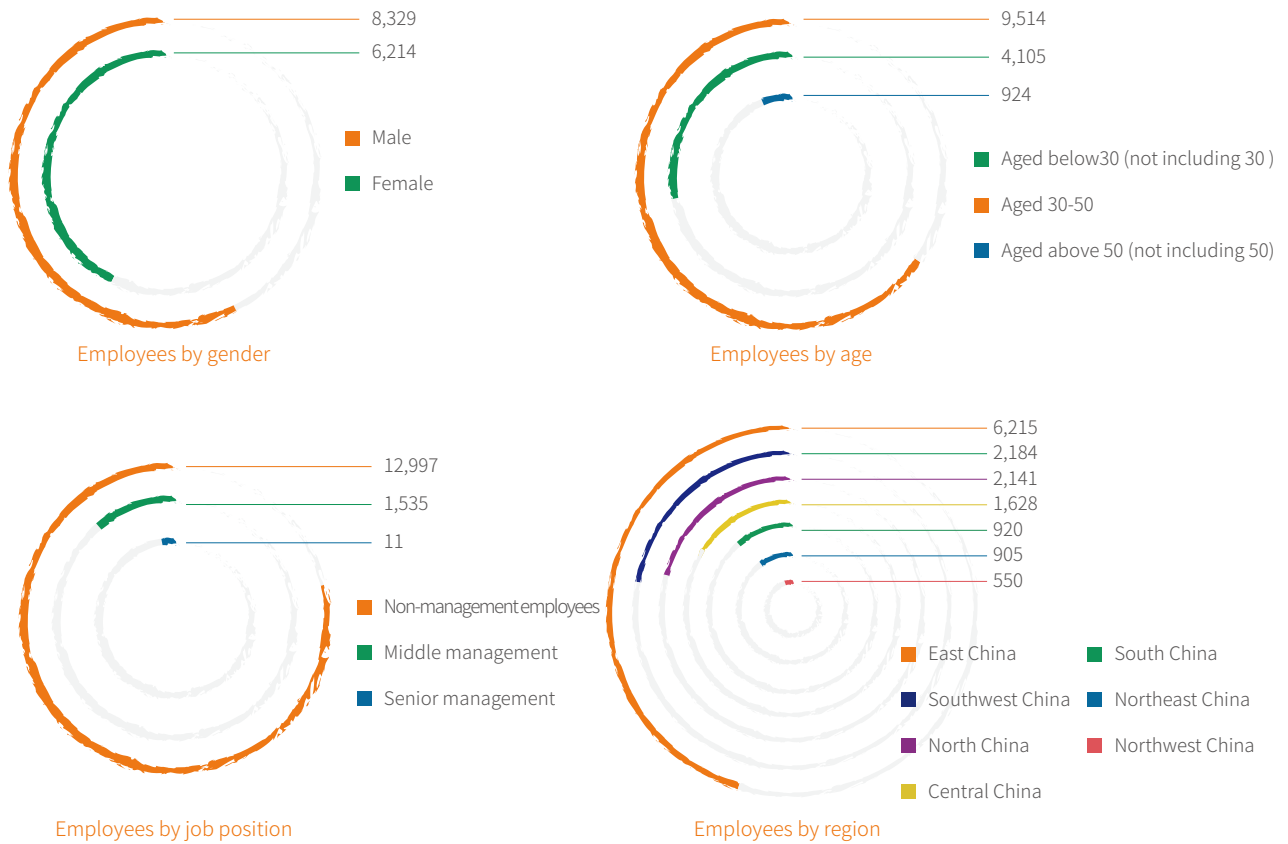
employees with disabilities

During the Reporting Period, the proportion of female employees reached up to 43%, and the proportion of female senior management was 18%. In addition, we are willing to and have provided job opportunities for vulnerable groups and employed 23 employees with disabilities.

Labor Rights and Interests

Red Star Macalline strictly complies with the local laws and regulations of the places where we conduct business, and signs labor contracts with all employees, to safeguard their legitimate rights and interests. We strictly implement the *Provisions on Special Protection for Juvenile Workers*, the *Provisions on the Prohibition of Child Labor* and other laws and regulations, having formulated the *Employee Manual* as the basis for internal employee management. We advocate the reasonable working hours system and oppose any form of forced labor. We firmly safeguard the legitimate rights and interests of juvenile workers and strictly prohibit the employment of child labor. In addition, we have further standardized the overtime application system and process to achieve a balance between exertion and rest. During the reporting period, we did not violate any laws and regulations related to the employment of child labor or forced labor.

During the Reporting Period, we had a total of 14,591 employees, of which 14,543 were full-time employees and 48 were part-time employees. The following charts set out our full-time employee employment by category in 2023:



Compensation and Benefits

Red Star Macalline continuously improves the compensation and benefit system consisting of fixed compensation, variable compensation, allowances and benefits, and continuously refines the compensation and benefits management procedures by establishing internal management rules. We have established a comprehensive salary incentive system to further stimulate employees' enthusiasm and fully leverage its talent motivating role. We combine employees' rights and interests with corporate performance through both performance evaluation and capability evaluation, and determine the salary adjustment range according to evaluation results, which enhances employees' sense of happiness while safeguarding their rights and interests.

In addition, we provide employees with long-term and short-term incentives in material and spiritual manners, to fully mobilize their enthusiasm and creativity. We also provide equity incentives to retain key talents, and our employees even have the opportunities to become shareholders of the Company and share the fruits of development. In addition, the Company provides equity incentives for the management and core employees. During the Reporting Period, we implemented the third employee stock ownership plan, to further motivate employees' creativity.

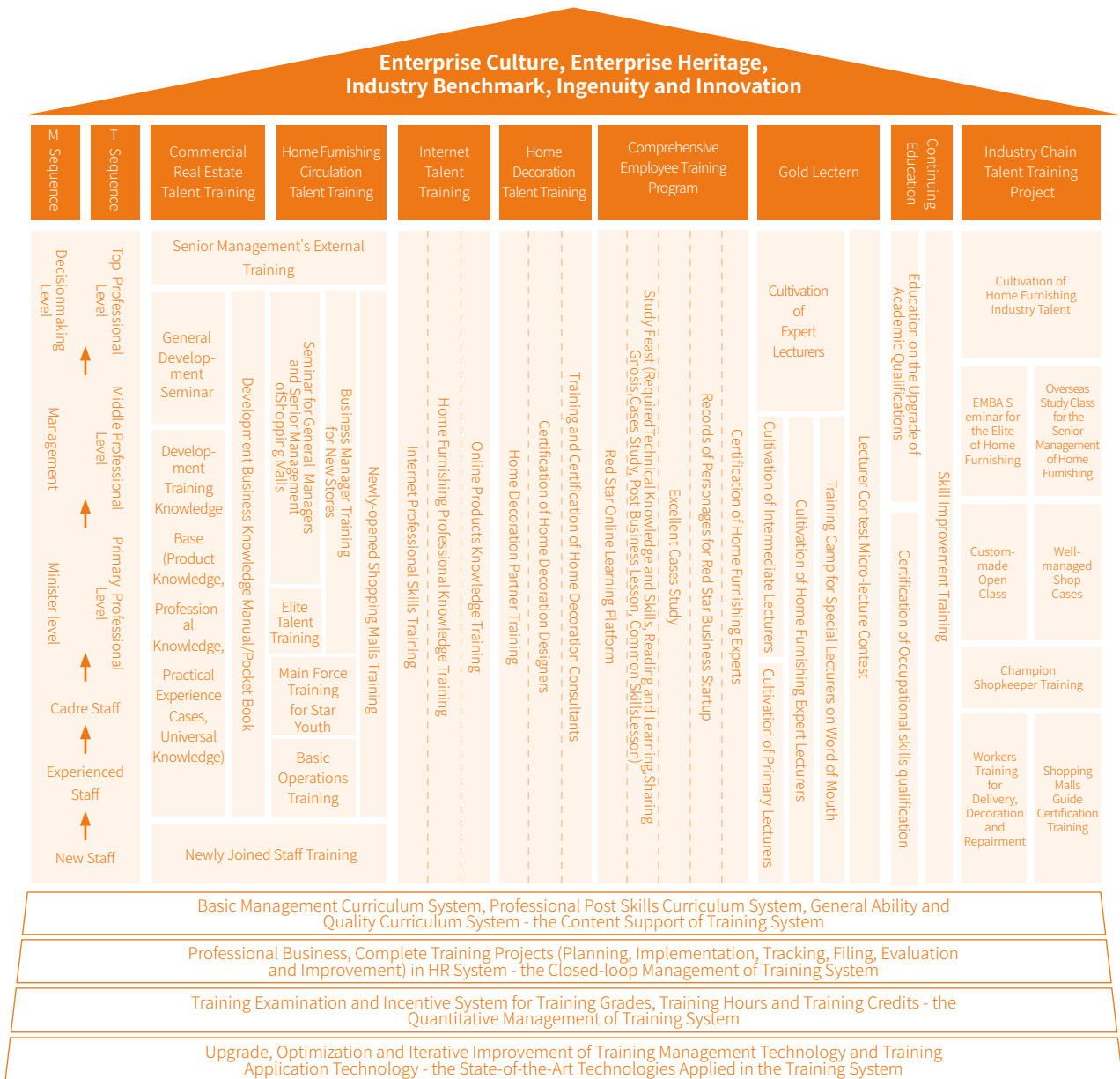
The Company has established a sound welfare system and further promoted the flexible welfare plan. We comply with the provisions of the *Social Insurance Law of the People's Republic of China*, the *Regulations on Management of Housing Provident Fund* and other laws and regulations and pay old-age insurance, medical insurance, maternity insurance, work injury insurance, unemployment insurance and other social insurance for all employees. Advocating the concept of "family culture", we offer additional benefits such as paid annual leave, supplementary commercial insurance and annual physical examinations. We have annual leave benefits higher than the national statutory standards, providing employees with family benefits such as maternity leave, paternity leave and parental leave. The Company actively safeguards the rights and interests of female employees by taking measures such as physical examinations and establishment of baby care room, striving to meet the needs of female employees.

Empowering our Employees

Red Star Macalline regards talents as the core capital and driving force for sustainable development. Attaching great importance to the cultivation and development of talents, the Company has designed a clear path for talent promotion, established a sound employee training system, continuously improved the performance evaluation and promotion mechanism, and provided a growth platform for employees, while designing reasonable career development channels according to the actual situation of employees and the characteristics of each post.

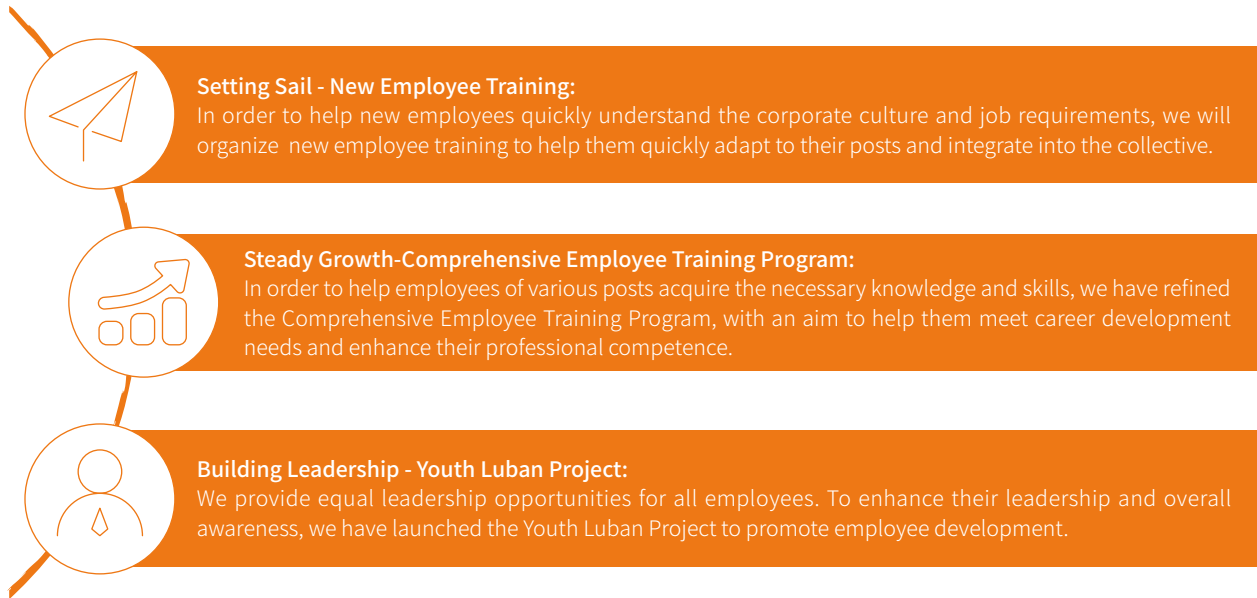
Training System

We create a comprehensive learning and development system for all levels and positions to formulate a development and training programme that covers all stages of employee growth, to improve employee knowledge and skills reserves and leadership abilities in all aspects.



Employee Training System

Red Star Macalline is committed to building a continuous learning-oriented talent team. We sincerely hope that employees at all levels can successfully achieve their career aspirations. The Company has developed a training plan that covers all stages of employee development, helping employees improve their business skills through full-staff training, induction training and other trainings. For key employees, we offer the "Youth Luban" project. In consideration of the core management position sequence of the Company, we have built three core talent pools, namely "Youth Luban – Reserve Personnel", "Youth Luban – Personnel on Reserve Duty" and "Youth Luban", so as to remove barriers in the career path of a young talent promoted to middle and senior management. In addition, all employees are supported by the Company with receiving external training to obtain certificates and degrees, to enrich their professional knowledge and skills.



Training Plans for Employee Development of Various Stages

 **Comprehensive Employee Training Program**

Red Star Macalline organized training sessions for all employees on different topics. These included professional competence training, practical drills for the operation line, case analysis for the planning line, and operation training for the Internet line. In 2023, we held a total of 4,408 training sessions with a total duration of 7,667.8 hours, benefiting 100,027 employees.



Comprehensive Employee Training Program



Star Power Project

The Star Power Project is a talent development program designed for campus recruitment. The counselor system, intensified training, job rotation, work trial, communication meeting, semi-annual assessment and project practice competition are among the tools we use to help employees achieve fast growth. Through campus presentations, Open Day and other activities, we facilitate communication with universities and maintain our visibility and reputation among students. We will continue to cultivate young talents for the Company and the industry.



Star Power Project Training



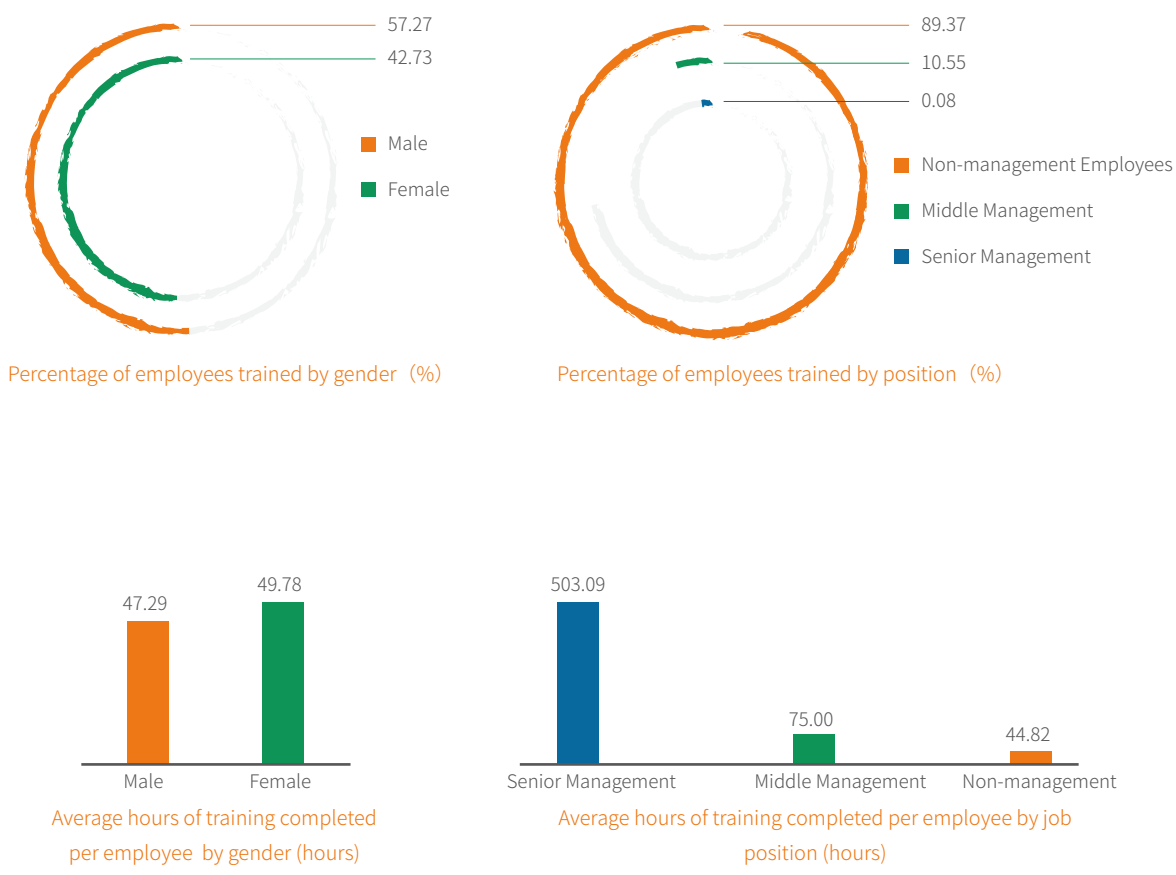
Youth Luban Project

The Youth Luban Project is a rapid career development channel for future high potential talents of Red Star Macalline. In 2023, the Company, in cooperation with China-Europe Mini-MBA, organized a six-month management training tailored for the Youth Luban Project. We developed a systematic modern performance management model for trainees, adopting the group co-creation and self-learning mode. During this training, which consisted of six modules, the trainees learned a total of 25 courses. Through online learning, thematic case studies, and learning themed activities, we broadened the trainees' cognitive boundaries and helped them improve.



2023 Youth Luban Talent Review Meeting

During the Reporting Period, we had a 100 per cent employee training rate and an average of 48.36 hours of training. The following chart sets out our full-time employee training by category for 2023:



Employee Promotion

We have formulated internal rules such as the *Promotion and Appointment Management Manual* to standardize employee management, and ensure employees enjoy fair, transparent and equal promotion opportunities, while focusing on talent management and cultivation. We have established a comprehensive evaluation management system. Specifically, we comprehensively evaluate all employees from the perspectives of values, performance and abilities. During the Reporting Period, we continued monthly competition, quarterly comprehensive evaluation, and annual performance evaluation and review, and discussed the issues of goal setting and performance with all employees. Through the monthly evaluation of employee performance data, we carried out a comprehensive evaluation of employees every quarter, so that employees with potential and excellent performance can be identified, developed and promoted in time. At the same time, in conjunction with the unit's one-responsibility management, employees are given the opportunity to directly communicate face-to-face with their tenure authority leaders for in-depth communication on performance, goal-setting, and other matters. The percentage of employees who received performance appraisals during the Reporting Period was 100 per cent.

Adhering to the principles of fair competition and transparent promotion for talents, we make public the promotion list, and include any promotion data of an employee into his/her personal talent development archives. The Company strictly controls the nodes of work trial, appointment and so on to ensure fair and scientific promotion of any employees.

Enhancing Employee Happiness

Paying close attention to the needs of our employees, we continuously enhance their sense of happiness and belonging by increasing benefits, giving more care, and strengthening communication with them.

Care for Employees

We treat our employees as our own family and care for them in daily life. Inheriting the culture of loving family, we carry out various activities such as Family Love Day, Thanksgiving Day and Family Day, to bring warmth and happiness to employees' families. The total turnover rate of full-time employees during the Reporting Period was 47.31 per cent.



Family Love Day Activity

The home furnishing industry is closely related to homes. Always advocating the culture of family love, we continuously inherit and develop the culture of "family love", regarding it as a social cause of public welfare. Since 2010, Red Star Macalline has been inspiring employees to think and discuss about homes in different forms and around different themes every year.

In 2023, Red Star Macalline launched a series of activities themed by "Gratitude to Companion, and Starting Again Bravely". To be specific, we solicited stories of family love and shot creative videos, inspiring more employees to cherish and feel the warmth and happiness of home.



Family Love Day Promotion Poster

During the Reporting Period, the Trade Union of Red Star Macalline carried out multiple employee welfare activities, paying close attention to their health and needs.



Screening for Gynecological and Breast Diseases

The Trade Union of Red Star Macalline actively follows the laws and regulations such as the *Measures of Shanghai for Implementing the Law of the People's Republic of China on the Protection of Rights and Interests of Women and the Regulations on the Health Care of Female Employees*. Meanwhile, our female employees can undergo screening for gynecological and breast diseases free of charge, for the purpose of "early detection, early diagnosis and early treatment". All these reflect our care for the health of female employees. A total of 48 female employees underwent screening this time.



Screening for Gynecological and Breast Diseases



Door-to-door Optic Examination Service

Advocating a virtuous and healthy lifestyle in the new era, we regularly popularize scientific knowledge of eye health, to enhance the employees' awareness of eye care. On the occasion of International Women's Day, the Trade Union of the Company, in collaboration with Baodao Optical, provided eye health services including eye protection gifts to employees, which gained in popularity.



Baodao Eyewear Eye Care and Health Service Campaign



Fitness Club

To improve the physical fitness of employees through active exercise, the Trade Union of the Company has opened an employee fitness club at the Headquarters, where employees can do the popular yoga exercises. It stimulates the employees' enthusiasm of doing sports.



Yoga Classes

Communication with Employees

We are committed to creating a democratic and open communication environment and strengthening the interaction and connection between the Company and its employees while actively listening to the voices of employees. We have set up various communication channels. Employees may report problems and suggestions or raise grievances to the Company in respect of labor rights, work life, career development and the Company's operation and development by means of employee representative meetings, ordinary business meetings, union chairman's suggestion box, WeChat official account, etc. Besides, we have several channels designated for our employees to raise grievances at any time and have established a reporting and incident investigation mechanism. The Company's supervision department will investigate and respond to any grievances, violations, or complaints received as soon as possible. If the reported violation is proven to be true, corrective actions and penalties are taken in accordance with relevant law and regulations as necessary.

In addition, the Company attaches great importance to employees' opinions and suggestions. We organize employee satisfaction surveys on all shopping malls every year to receive feedback and suggestions, so as to further optimize the workplace environment. We understand the true thoughts, difficulties and challenges of every employee from the dimensions of performance improvement, management support, team integration, care from superiors, and learning and training. We follow up and respond in a timely manner, to enable every employee to work and live in the optimal state.

Occupational Health and Safety

Red Star Macalline regards occupational health and safety of employees as the top priority for the Company's normal operations. We follow the *Administrative Regulations on the Work Safety of Construction Projects* issued by the State Council of China and the *Standards of Construction Safety Inspection* issued by the Ministry of Housing and Urban-Rural Development of China to manage construction sites. The Company has formulated the *Safety Emergency Plan*, the *Safety Construction Code*, and the *Manual of Franchised Property Management for Shopping Mall Safety 1.0*. During the Reporting Period, the Company revised and issued the *New Store Management Manual*, carried out training and implemented the Manual to guide the safety production work, and further improved the on-site safety management system. During the Reporting Period, we passed ISO 45001 occupational health and safety management system certification.



Occupational Safety and Health Management System Certificate

We have established the Safety Production Committee with the Chairman serving as its head. The Safety Department, as a permanent working organization of the Safety Production Committee, is responsible for daily management. The relevant member organizations jointly carry out and manage safety production work from top to bottom through a sound structure and clear division of responsibilities. We regularly hold meetings of the Safety Production Committee, sort and correct the problems in safety production, and determine the safety education and training objectives, while developing annual plans, checking the implementation effects, and continuously optimizing the Company's safety management capabilities.

To ensure engineering safety, we have incorporated engineering safety inspection and evaluation into the scope of daily inspection, giving top priority to safety inspection during our inspections and unannounced inspections. We conduct safety inspections of all projects under construction every two months, and the inspections cover all works, involving on-site physical hazards, compliance with the plan and process, execution and management situations, etc. When finding out any problems through inspections, we strictly follow the "Three Determination" principle (i.e., determining the personnel, time and rectification measures), and continuously track the rectification situation.

In 2023, the Company developed and released an annual safety emergency plan for occupational health and safety, office area rescue, fire protection and stability maintenance to avoid potential safety risks. On this basis, we guided various engineering projects to prepare reasonable, compliant and executable safety emergency plans according to the actual situation before commencement of construction. Depending on the project progress and working conditions, emergency drills were organized at least once a year in a timely manner.

We organize regular occupational health examinations for employees and distribute labor protection supplies to them in accordance with relevant requirements to safeguard their health. During the Reporting Period, we did not have any work-related deaths.

Building Safety Culture

Red Star Macalline vigorously builds safety culture, and actively organizes operational safety training and safety rectification season activities, to enhance employees' safety production awareness and make the concept of safety production rooted in their minds. We regularly organize safety drills to ensure that every frontline employee has safety awareness and emergency skills. In 2023, our shopping malls nationwide organized a total of 14,939 emergency drills, with 147,979 participants. We also encourage shopping malls to cooperate with local government departments, having invited local fire protection departments to participate in a total of 705 fire drills organized by our shopping malls.





Safety Knowledge Promotion and Training for Projects Under Construction

In 2023, the Company organized two major categories of multi-targeted and fully-covered safety trainings for projects under construction.

Category 1: Daily and regular

- Three-level safety education and training for new workers organized before entering the construction sites
- Technical safety disclosure of each type of work of project by parts and items
- Special safety meetings at least once a week
- Special safety emergency drills at least once a year
- Education, training and publicity themed by the National Safety Production Month in June each year

Category 2: Special and irregular

- Safety education and training covering all staff on project kickoff, halt and resumption
- Special safety knowledge training and warning education organized according to the current situation and on-site safety problems of the project
- Corresponding education and training organized according to new instructions and requirements of superior departments of the Group and governmental construction supervision departments



Safety Training Site

 Specification for Use of High-pressure Safety Tools

The Company has formulated the Specification for Use of High-pressure Safety Tools, to standardize and visualize the daily inspection and use of high-voltage safety tools by on-duty employees at high pressure, so as to further ensure employee safety.



Instructions for Use of Safety Tools

 Safety Rectification Season

In order to ensure construction safety, to further maintain the Company's chain brand image, and to continuously improve customer satisfaction, the Company, in accordance with the *Seven Management Rules on Safe and Civilized Construction at Site* and other requirements, organized the three-month rectification action to ensure safe and civilized construction and production.



Safety Rectification Season Training

 Fire Drill on Fire Service Day

Red Star Macalline organizes various emergency drills on fire service days such as April 19 and November 9. Our drills focus on emergency evacuation, fire extinguishing, rescue of personnel trapped in an elevator, spray explosion, terrorist incident handling, emergency handling, etc., with an aim to improve the emergency response ability of our employees.



Fire Drill

Protecting the Ecology and Practicing Green Development

Red Star Macalline is committed to creating a more environmental friendly future, focusing on low-carbon development, environmental governance and ecological protection. We continuously optimize our environmental management system, seeking for green development and extensive impact on the value chain, and are committed to building a prosperous, clean and beautiful world.





Adhering to the Green Concept

Shouldering the mission of "enhancing the home furnishing taste of Chinese and being responsible for the environmental protection of the home of each family", Red Star Macalline actively responds to the national "carbon peaking and carbon neutrality" strategy and green ecological policies, firmly follows the path of ecological priority and green development, and promotes harmonious coexistence between human and nature. The Company adheres to the concept of green development, continuously explores in the area of green buildings, strengthens ecological environment protection, and promotes coordinated development through participating in green development and construction, striving for high-quality development in a green and low-carbon manner.

Green Planning

Implementing the concept of green investment and promoting the benign development of land, we avoid the development and construction in national nature reserves, as well as development of farmland and green spaces to protect wildlife, plants and nature, prevent ecological damage, and protect biodiversity. If construction in green spaces is required, we need to pass green certification and obtain approvals from relevant departments before commencement of project. In the development process, we always value ecological protection and restoration. We focus on renewal of urban infrastructure, urban public space construction, brownfield utilization, river improvement and other development projects, aiming to enhance the urban economy, community, and environment vitality.



Green Design

Red Star Macalline has incorporated green, low-carbon and sustainable concepts into the entire life cycle of building including design and material selection. We continuously explore development of green buildings and low-carbon buildings, energy conservation of existing buildings, etc., continuously lead the evolution of green shopping malls. We strictly comply with relevant laws and regulations such as *the Compulsory Provisions of Engineering Construction Standards-Building*, *the Code for Design of Civil Buildings*, and *the Assessment Standard for Green Building (GB/T 50378-2019)* to formulate some internal guidance policies and rules of the Company.

Recycling

Red Star Macalline values the recycling of resources. We prioritize use of rainwater recycling system for virescence irrigation of shopping malls. While ensuring the safety of urban drainage and waterlogging prevention, we strive to maximize the accumulation, infiltration and purification of rainwater in urban areas, so as to promote the utilization of rainwater resources and protect the ecological environment.



Application of Sponge City Construction Concept

In the second half of 2023, a rainwater recycling system was installed on the south side of the square of Ningbo Yaojiang Home Furnishing Shopping Mall in response to the sponge city policy. The rainwater was effectively collected, treated and reused through safe diversion, interception, filtration, storage and purification. Besides, through reasonable greening in the area of rainwater recycling system, and balancing between functionality and appearance, we maintained the continuity of ecosystem inside and outside the construction site.

Health Design

To ensure the harmony and unity of human, nature and architecture, the Company prefers the selection of multiple vegetations and plants suitable for local climate conditions to achieve greening of shopping mall and build a comfortable commercial and leisure complex with the beautiful external design.



Landscape Design Tailored to Local Conditions

Ningbo Yaojiang Home Furnishing Shopping Mall adopts multiple vegetations for greening and preserves their original natural shapes, thus presenting an atmosphere of harmony with surrounding environments.



Use of Green Building Materials

We focus on the environmental protection functions when we select building materials. We prefer building materials that have low impact on the environment and without harm to human health. For any projects, we require to use the materials that having passed China Environmental Labeling Certification in all projects, including A-grade non-combustible materials such as wood panels, light steel keel and gypsum boards that are in line with the E1 grade of the national compulsory standard GB18580⁴. We use green and environmentally friendly paints of famous brands, we require principal materials (such as paint, glue, etc.) that meet national green and environmental protection requirements, national standards or environmental labeling requirements must be adopted. In addition, only decoration materials verified to be qualified after environmental testing and certification can be put into use. All these aims to ensure that the shopping malls reach the high standards of national environmental and green buildings.

Application of Green Technology

Red Star Macalline actively applies the green construction technology. We focus on building more environmentally friendly prefabricated constructions, striving to improve overall construction quality and environmental protection level and reduce environmental pollution of construction sites.

Application of Prefabricated Technology

The prefabricated assembly technology was widely used for main structure construction of Ningbo Yaojiang Home Furnishing Shopping Mall. Used prefabricated components mainly included floor support plates of steel truss, prefabricated stairs, prefabricated laminated floor slabs, and non-masonry prefabricated interior partition walls of secondary structure. Depending on the locations and functions, different thicknesses of strip-type prefabricated slabs made of prefabricated concrete (PC) are adopted for secondary structure walls. The 240mm thick prefabricated slabs are selected for the commercial podium area, and the 200mm thick prefabricated slabs are used for the office tower area. By using of this technology, we replace traditional construction mode with on-site installation of prefabricated components, thus greatly improving project quality and efficiency, while reducing waste and dust emissions, controlling noise, and achieving energy conservation and emission reduction.

In addition, to further improve construction efficiency and accuracy, and reduce environmental footprint, we adopt the Building Information Modeling (BIM) technology and the smart construction site decision-making system. Relying on the digitalized and informationalized modeling of building, we have achieved integrated design of buildings, structures, equipment pipelines and decoration that enhancing collaborative design capabilities, improving production efficiency, saved costs, and reducing construction periods.

Safety management system	Quality management system	Production management system	Technical management system	Labor management system
<p>Establish the dual prevention system for project safety, ensure online visibility of clear and traceable safety management, thus greatly improving the effect of safety management.</p>	<p>Deal with on-site quality problems, automatically record and retain process related data, and significantly improve the efficiency of doing this complex work through the actual measurement module, so as to improve the management effect.</p>	<p>Control the on-site progresses and processes of production at all levels from multiple dimensions, and regularly hold digital meetings to improve the meeting effect.</p>	<p>Effectively replace the business, sort out and strengthen online application of various technical materials in a systematic and orderly manner, and help the project group to clearly comb the technical management business to enhance technical management.</p>	<p>Conduct real-name management of project personnel, automatically control the access of project personnel through the facial recognition system, and synchronously generate corresponding attendance data, to provide an accurate data basis for project personnel management in a timely manner.</p>

BIM+Smart Construction Site Decision-making System

⁴ Indoor Decorating and Refurbishing Materials - Limit of Formaldehyde Emission of Wood-based Panels and Finishing Products (GB 18580--2017).

Safety management system

- Establish the dual prevention system for project safety through the BIM+smart construction site decision-making system, and achieve hierarchical risk control and investigation and treatment of hidden safety hazards, including risk identification, evaluation and management online, and on-site investigation and treatment of hidden safety hazards through mobile phones
- Download the information of safety risks through mobile phones at any time

Quality management system

- Determine the rectification situation according to the results received online through the system, and organize the on-site review when conditions are met
- Immediately summarize and analyze management data through the system, and focus on controlling key issues in the future

Production management system

- Conduct the three-level control over the whole plan, interim plan and weekly plan of project through the system
- Track and control the weekly plan in real time

Technical management system

- Control the use of various modules and the technical management business of project through the system
- Classify and upload project drawings onto the technical system, so that project personnel can quickly view the drawings through their mobile phones at any time, and the basic principle of "construction according to drawings" is strictly implemented

Labor management system

- Realize real-name management of all project personnel and quickly enter the identity information of workers entering the site through the system
- Automatically record the personnel attendance situation through the facial recognition system and provide accurate data in a timely manner

Application Achievements of BIM+Smart Construction Site Decision-making System

Green Building Standards

Red Star Macalline continuous to develop and build green buildings on the basis of adopting green design concepts, following national green building standards, and using green building materials and construction technologies. As promised, Red Star Macalline will continue to strengthen green building management, promote the development and implementation of green building technologies, undertake more green building projects, and meet higher green building certification standards. During the Reporting Period, one project of the Company passed the certification of Assessment Standard for Green Building, which is a two-star design standard of green building.



Two-Star Green Building Standard Project

The Quzhou Aegean Sea Outlets project was designed to achieve 'coordinated ecological restoration, active and passive integration, harmonious coexistence between people and buildings, and sound intelligent management'. During the project construction process, we adopted green design concepts and green technologies. Besides, we selected and installed energy-saving facilities and equipment for later green operations. Finally, this project became a demonstration project of resource conservation, and also a two-star green building.

- In full consideration of local climate features and building functions, we adopted suitable green building technologies, such as sinking-style greenbelts, permeable pavement, water-saving equipment, high-strength steel, and other techniques;
- We fully utilized renewable energy sources including solar energy;
- We adopted the efficient and energy-saving lighting fixtures and energy-saving control methods;
- We established an energy monitoring system to facilitate energy management during the project construction and operation process.



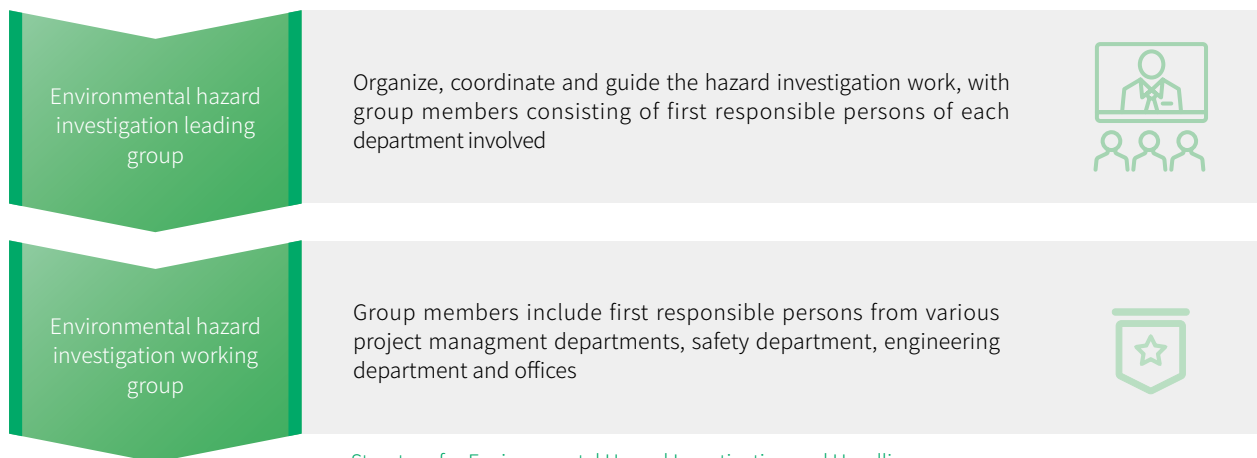
Green Construction



Environmental Management System Certification

The Company strictly complies with relevant laws and regulations such as *the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise, the Environmental Impact Assessment Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Prevention and Control of Water Pollution, and the Regulations on the Administration of Construction Project Environmental Protection*. To ensure the standardized management of construction sites and the implementation of environmental protection measures, avoid any impact on the construction site and surrounding environments, we have formulated many internal rules and regulations such as the *Management Measures for Safety Production, Civilized Construction and Environmental Monitoring of Construction Sites, the Management Measures for Identification, Evaluation and Control of Environmental Factors, the Measures for Waste Management on Construction Sites, the Management Measures for Light Pollution on Construction Sites, the Management Measures for Mechanical Equipment on Construction Sites, the Management Measures for Sewage Discharge on Construction Sites, the Management Measures for Dust Pollution on Construction Sites, and the Management Measures for Noise Pollution on Construction Sites*. We will earnestly fulfill our green commitment to building a great ecological environment. During the Reporting Period, the construction sector of Red Star Macalline passed the ISO 14001 environmental management system certification.

In addition, we have established a special environmental hazard investigation leading and working group. Through dynamic management of the construction process, regular self-inspection of the green and civilized construction, and summary and analysis of green construction situation at green construction meetings, we can make rectification against any problems found in a timely manner, and continuously improve the level of environmental management. The Company identifies potential hazards of the Headquarters and ongoing projects with environmental risks every two months, and inspection contents include on-site physical hazards, plan compliance and implementation, etc. We follow the "Three Determination" principle (i.e., determining the personnel, time and rectification measures) for compliance issues, and give corresponding punishments in case of ineffective rectification according to the reward and punishment system. During the Reporting Period, Red Star Macalline had neither received any environmental penalties nor had any environmental violations.



Structure for Environmental Hazard Investigation and Handling

Red Star Macalline controls the aspects of construction planning, material procurement, on-site construction and engineering acceptance through scientific management and technological progress, hoping to maximize resource saving and reduce negative environmental impacts during construction. During the Reporting Period, the Company utilized relevant energy-saving, water-saving and material-saving and resource-saving measures to improve resource using efficiency during the construction process. The specific measures are as follows:

Resource Saving Measures	
Energy-saving measures	<ul style="list-style-type: none"> The indoor air conditioning temperature in the office area should not be lower than 26 °C in summer and not higher than 20 °C in winter. Windows should be closed when the air conditioners turn on. Energy-saving light bulbs should be installed in the office area and living area of construction site as much as possible. Energy-saving lighting appliances are used for indoor and outdoor lighting to reduce power consumption. Solar water heaters are primary using in the staff bathrooms in the living area of construction site, while electric heating can be secondary.
Water-saving measures	<ul style="list-style-type: none"> Clear water-saving signs should be placed at conspicuous positions of the water source. Besides, data of water consumption on the construction site should be collected in a timely manner, and a statistical ledger of water consumption and water saving should be established for analysis and comparison, so as to improve the water-saving rate. Use water-saving equipment, such as flushing pools, water-saving faucets and low-water toilets in bathrooms. Wastewater should be recycled as much as possible, and precipitated recycled water should be used for on-site cleaning of wheels, sprinkling and dust suppression as much as possible to save water resources. Groundwater resources are protected at the construction site, and well drilling to extract groundwater is prohibited.
Material saving and recycling	<ul style="list-style-type: none"> Special plans for scaffolding and formwork are reviewed, construction schedules are arranged reasonably, and revolving materials are used frequently to reduce the input and consumption of non-physical materials. Advanced processes and technologies are adopted to reduce material cutting waste, and reasonably determine the admixtures and mixing proportions of premixed concrete. A recycling group is specifically responsible for recycling scattered materials to ensure effective recycling. We strictly control the use of decoration materials in the later stage, and consume materials reasonably on the principle of combining long and short materials properly to avoid waste.

Striving for safe and civilized construction, the Company disposes of various emissions compliantly through various technical measures, to avoid environmental impact and prevent pollution. The specific measures are as follows:

Measures for Preventing Pollution	
Preventing surrounding environmental pollution and atmospheric pollution	<ul style="list-style-type: none"> • The original hardened road is retained as much as possible, and non-road parts of the construction site are hardened to ensure that there is no dust on the construction site. • When the dust detection system discovers excessive dust, the spraying system is automatically started for dust suppression. • Cement and other easily suspended matters, as well as loose fine-particle materials, are stored in the warehouse or tightly covered. In the transportation, they should be carefully handled to prevent spillage and flying, and should be stacked during unloading. • The cement warehouse, garbage station, mortar mixing station, etc. should apply temporary brick walls and be enclosed with asbestos tiles, multi-layer boards and other materials. • Facilities of atomization and water spraying are set up at the hard enclosed fences around the construction site, and dust reduction, atomization and precipitation facilities are further installed at the tower crane position of certain project. • It is prohibited to burn any construction waste and other substances that may produce toxic, harmful smoke dust and odorous gases in the construction area.
Preventing soil and water pollution	<ul style="list-style-type: none"> • An effective pollution discharge system shall be established on the construction site to ensure that the rainwater and sewage pipelines are separated to use, and it is strictly prohibited to discharge other non-rainwater emissions into the municipal rainwater pipelines. • Tertiary sedimentation and discharge facilities are set up in the construction site to dispose of sewage, mud, etc. • After sedimentation and oil separation in an effective oil separation tank, oil stains are discharged into the municipal sewage pipeline. Oil in the oil separation tank should be drained regularly to prevent pollution. • Unified planning of drainage ditches is made for temporary roads and material storage yards on the construction site. Only the precipitated sewage can be discharged into the municipal sewage pipeline. We strictly prevent construction sewage from directly discharging into the municipal sewage pipeline or flowing out of the construction area to avoid environmental pollution. • Management on storage of oil and chemicals on the construction site should be strengthened. Anti-seepage treatment is made for the ground of a dedicated warehouse. Oil and chemicals should be stored and used properly, and cannot be dumped. Evaporating, emitting, dripping, and leaking of oil should be prevented to pollute water and soil.
Waste management	<ul style="list-style-type: none"> • A dedicated temporary waste storage area should be delineated on the construction site, and the waste should be classified and stored separately. The waste that may cause secondary pollution must be stored independently, and clearly marked, with safety precautions designed. • In the transportation process, the waste should not be scattered or mixed, and should be transferred to the qualified organizations or centers for disposal. Recyclable waste should be reused. • A closed garbage station should be set up in the construction site, and the waste should be sorted, cleared and recycled in a timely manner. • A special household waste recycling station should be set up in the office and living areas respectively, and dedicated personnel are responsible for cleaning daily. In addition, temporary dormitories should be cleaned by dedicated personnel every day.
Noise control	<ul style="list-style-type: none"> • The interior decoration of commercial building, including the decoration of small tenants' business premises should be fully enclosed. • The enclosed sound insulation fences are erected to minimize the strong noise from the commercial mortar mixers in the construction site. • Reasonable periods of high-noise construction should be arranged according to the situations of surrounding buildings (including schools, hospitals, residential areas, etc.) where the project is located.

Building Green Shopping Malls

Red Star Macalline has always practicing its green operation that has committed to building shopping malls into green and healthy spaces, and has incorporated green and low-carbon concepts into office routine. In response to the concept of green development, the Company actively implements and improves energy saving and environmental protection measures, and leads the green development of the industry, advocating the green and healthy lifestyle.

Green Operation

Red Star Macalline has always following the path of green operation. Through actively advancing the Company's environmental management system, the Company clarifies the environmental management goals and responsibilities of each position, implements the effective regulatory mechanism, adopts resource-saving facilities and equipment, enhances green culture building and other measures, and finally promotes its green and low-carbon transformation. The Company strictly complies with relevant national laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Conserving Energy* and the *Water Law of the People's Republic of China*. In addition, we have formulated some internal management rules such as the *Management Measures for Environmental and Occupational Health and Safety*, the *Energy and Resource Management Measures*, the *Emergency Preparedness and Response Management Measures*, and the *Important Environmental Factors and Control Measures* to ensure the effectiveness of environmental management. During the Reporting Period, Red Star Macalline continued to obtain the ISO 14001 environmental management system certification in the shopping mall operation and decoration sector.



Environmental Management System Certification

Energy Management

We closely monitor the consumption of various resources required for enterprise operations. In terms of energy management, we aim at and focus on saving energy and improving energy efficiency. We have been valuing refine energy management, and actively advancing various energy-saving technology transformation projects to further optimize energy management.

During the Reporting Period, the Company took a series of measures including facility and equipment maintenance, energy saving transformation, and replacement of high-energy equipment with high-performance equipment, to avoid unnecessary energy consumption and improve energy efficiency. Besides, the Company developed a green building management system, continuously explored the possibility of using renewable energy, and promoted the low-carbon transformation of shopping malls.



Maintenance and Improvement of Central Air Conditioning System for Shopping Malls

During the Reporting Period, we conducted comprehensive maintenance and repair of central air conditioning systems of shopping malls nationwide, to ensure their normal operation. Meanwhile, we replaced old equipment and facilities to avoid high energy consumption caused by abnormal operation.



Low-carbon Transformation of Boilers

In 2023, Gansu Global Home Furnishing No.1 Store and Xinjiang Global Home Furnishing No.1 Store carried out low-carbon transformation of boilers, including six ultra-low nitrogen burners. After the transformation, the air fuel ratio and gas efficiency of boilers were maximized, and the combustion ratio reached up to 99.9%. Nitrogen oxides and other waste gases are emitted according to environmental emission standards, while energy conservation and consumption reduction are achieved through full combustion.



Clean Energy

Red Star Macalline lays stress on efficient and systematic utilization of clean energy. For example, we have established the solar photovoltaic system and applied relevant technologies to shopping mall construction projects, formed a model of integrating renewable energy and building, and improved the building energy utilization efficiency.



Maintenance and Replacement of Energy-saving LED Lights

The Company advocates the use of energy-saving light to reduce energy consumption. During the Reporting Period, we replaced and repaired a total of 172,000 LED lights in shopping malls, with a coverage rate of LED light reaching up to 99%.



Construction of Photovoltaic Power Stations on Spare Roofs

Photovoltaic power stations are built on spare roofs of podium and tower buildings of Ningbo Yaojiang Home Furnishing Shopping Mall. The total photovoltaic area of this project is 1,400 m², and the installed capacity of photovoltaic power stations is about 265 kilowatts.



Water Resources Management

Red Star Macalline strictly abides by national and regional water resource management regulations to set its water use efficiency targets, i.e., further strengthening the calculation and monitoring of water resources use, improving the overall water utilization efficiency of shopping malls nationwide, and achieving the sustainable management of water resources in shopping malls. To achieve the management goals during the Reporting Period, Red Star Macalline focused on installing water-saving equipment and carrying out the work of water-saving publicity and labeling.



Water-saving Devices and Water-saving Promotion Signs in Toilets

By installing faucet aerators in the shopping malls, we control the water flow velocity to avoid water resource waste caused by fast water flow. By posting water-saving signs in the toilets, we hope to enhance the water-saving awareness of employees, merchants and consumers.



Emissions Management

Wastewater management

The wastewater produced by us is mainly domestic sewage. To ensure the compliant discharge of air conditioning water, we have developed a contract template of shopping malls for air conditioning water treatment in accordance with *the Law of the People's Republic of China on Prevention and Control of Water Pollution* and its supporting national standard, the *Waste Water Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)*. We require suppliers to sign a letter of commitment and ensure that the supplied products comply with national discharge standards. We ensure that wastewater is discharged into the municipal pipeline through discharge valves only after discharge compliance is confirmed. For kitchen wastewater, it can be discharged only after purification in an oil separator to reduce environmental pollution.

In addition, each shopping mall of Red Star Macalline are set with septic tanks for pre-treatment of domestic sewage and sedimentation of impurities to hydrolyze larger molecular organics into smaller molecular organics including acids, alcohols, etc. thus regular dredging is conducted to improve the efficiency and quality of subsequent waste water treatment.

Waste Gas Management

Red Star Macalline strictly abides by national laws and regulations on waste gas emissions. In view of industry characteristics, our waste gases are mainly produced in the links of shopping mall construction and decoration, car exhaust emissions, such as nitrogen oxides, sulfur oxides, and particulate matters (PMs). The Company has set the goals of ensuring compliance of waste gas emissions and gradually reducing waste gas emissions. To achieve these goals, we have properly equipped waste gas treatment facilities and equipment, and minimized business trips as much as possible without affecting daily operations, while encouraging green and low-carbon travel.

Waste Management

Red Star Macalline actively implements waste management measures, and continuously promotes waste recycling and reuse, to comprehensively reduce the generation of hazardous waste as much as possible. The Company has set the goals of waste discharge management, i.e., reducing waste generation and prioritizing the recycling and reuse of waste, in order to reduce the environmental impact of waste. We collect, dispose of and comprehensively utilize various types of waste according to the principles of "Reduction, Harmlessness, and Recycling".

Waste classification	Mode of treatment
Non-hazardous waste	The recyclable non-hazardous waste should be classified by type and then placed in labeled dustbins or corresponding containers for proper storage, and be disposed by warehouse administrators in a centralized manner.
	The non-hazardous waste that cannot be recycled and reused should be placed or stacked in designated locations, and be transported for timely disposal.
Hazardous waste	Waste storage batteries are recovered and disposed of uniformly by the manufacturers, and waste batteries are uniformly stored on shelves and disposed of by the local environmental protection department. Any hazardous waste should not be mixed with other waste.

In the operation process of shopping mall, we comply with the environmental protection principle of "Waste Renovation and Used Materials Recycling" and implement classified management for household waste and construction waste in shopping malls. Garbage is discharged on a daily basis. The construction waste of shopping mall is classified and stored temporarily at the temporary storage sites, and then is disposed by the cleaning company in a centralized manner. In active response to the national call, we classify the household waste, set different dustbins, popularize garbage classification knowledge, and encourage customers, merchants and employees to classify the garbage.



Classified Dustbins in Shopping Malls

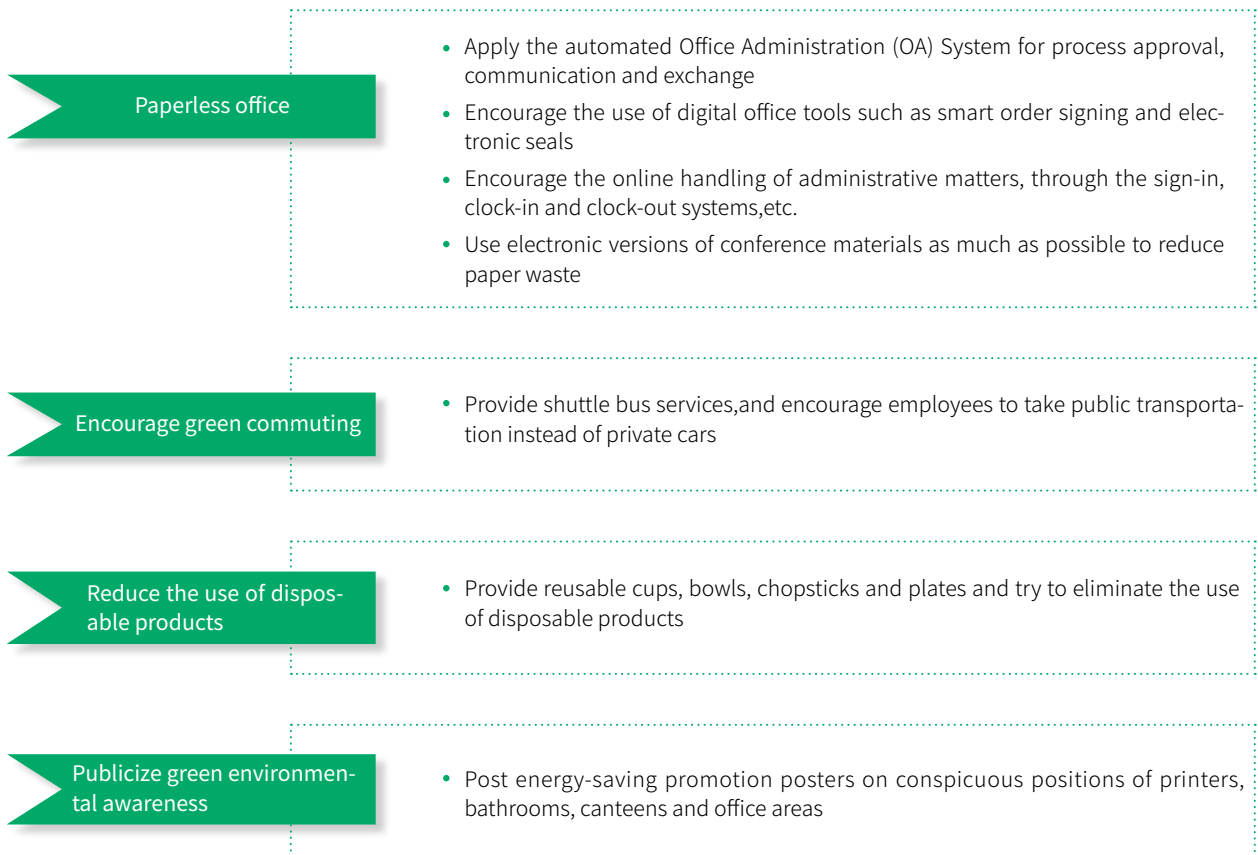
Green Leasing

While ensuring green operations, we join hands with merchants to optimize the sustainable management and operation modes, and promote the cultural improvement of merchants in green and sustainable development, aiming to achieve the win-win results in environmental, social and economic benefits. The Company continuously promotes green leasing, encourages merchants to achieve low-carbon works and continuously carrying out environmental protection promotion.

To regulate store decoration, Red Star Macalline has formulated *the Technical Management Manual of Properties* in Shopping Malls, which clearly stipulates that all merchants must use green and environmentally friendly paints of famous brands, and the main materials must meet the national green and environmental protection standards, *E1-grade requirements of national standard GB18580*, or Chinese environmental labeling requirements. Such requirements are specified in the standard rental contract. Besides, the Company actively organizes the training and publicity of green decoration concepts for all merchants, ensuring the work of green leasing is carried out in an efficient manner.

Green Office

Advocating the concept of green office in routine operations, the Company has committed to creating a green office environment. We encourage and guide all employees to take actions in green office. To this end, we have established energy-saving and environmental protection rules and guidelines, urging employees to save water, electricity, and paper, and promoting the recycling and reuse of office supplies. Red Star Macalline has taken a series of green management measures to promote green office:



Responses to Climate Change

Climate change has become one of the global challenging issues on human beings. In response to the impact and irreversible trend of climate change, Red Star Macalline actively assumes the responsibility of climate governance, pays attention to the potential risks of climate change, explores and grasps sustainable development opportunities, and strives to establish a comprehensive climate change management system, to enhance the long-term operation of the Company.

Climate Change Governance

Red Star Macalline has incorporated climate change into the scope of overall daily management. We have established a three-tier ESG control structure consisting of the Board of Directors, the management, and ESG Executing Group, organizing various departments to monitor, assess and identify climate related risks and opportunities. The Board of Directors mainly reviews and deals with the issues of climate change, and responds to the information disclosure of ESG reports on climate change issues. The management identifies ESG risks and opportunities related to climate change, and evaluates their impact on the Company. Each ESG Executing Group sets climate related project management goals and updates the energy and carbon data management system.

Risk Identification and Opportunities

As one of the leaders in China's building and furniture retail industry, Red Star Macalline actively assumes the entity responsibility of low-carbon operation. The Company fully considers market conditions, daily management and operation conditions, and climate change of business locations, and actively identify potential impacts of physical risks and transition risks on the Company, to provide better guidance for the Company's future strategic decision making and risk control.

During the Reporting Period, we identified the following climate change risks and opportunities:

Risk type		Risk description	Potential impact
Physical risks	Acute risks	Sharp increase of extreme weather events such as typhoons and floods	Frequent occurrence of extreme weather events may lead to damage to the Company's properties and equipment, thus causing an increase in maintenance costs Damage to the physical health of employees, merchants and consumers, including our supply chain, affects the daily operations of the Company
	Chronic risks	Sea level rise, sustained high temperatures, etc.	The costs for daily maintenance and replacement of the Company's infrastructure increase More pressure on property management increases operating costs of the Company
Transition risks	Policy and legal risks	Low carbon transformation and "carbon peaking and carbon neutrality" strategy	The increasingly rigorous regulatory requirements for climate change raise more and higher requirements for green management Mandatory climate disclosure requirements for listed companies increase the operational and compliance costs
	Market risk	Rise of raw material costs	To reach national green standards, the Company's building materials must comply with national and green certification requirements, and raw materials available for the Company are limited, thus increasing the operating costs
Opportunity type		Opportunity description	Potential impact
Products/Services		Property upgrades bring economic benefits and low-carbon achievements	More customers and merchants recognize and join us, bringing economic benefits to the Company
		High standards bring about high-quality products and services	High-quality products and services delivered by us in response to national sustainable development policies will help us defeat other competitors

Countermeasures for Climate Change

Red Star Macalline actively responds to the identified climate change risks and opportunities, and adopts the mode of preventive control and emergency management to reduce the losses caused by climate change.

We have proposed and taken flood control measures, and established the typhoon and flood prevention group, regular tour inspection system, emergency incident reporting system, and emergency response system. Besides, we require all shopping malls nationwide to prepare emergency tools and equipment for flood, typhoon, and rainstorm etc. in advance to enhance their ability to deal with catastrophic weather events. The Company ensures any project is safe, progressive and controllable through emergency plans and drills. The specific measures are as follows:

Countermeasures for extreme weather events

Planning in advance

Prepare an extreme weather emergency response plan according to the actual situation of the project location once after commencement of construction, strengthen step-by-step approval, and ensure the scientificity, rationality, legality, compliance, and enforceability of the plan.

Measures in place

Prepare sufficient emergency rescue and preventive materials according to the plan in a timely manner, standardize the process of material storage, strictly implement the requisition system, determine emergency resettlement sites if necessary in advance, and ensure that evacuation and residential requirements are met.

Exercise timing

Require the General Contracting Department to organize at least one special emergency exercise each year according to the specific progress and working conditions of the project, and ensure that every frontline employee has safety awareness and emergency skills.

Special Emergency Program Exercise



Training and exercise on heatstroke/thermoplegia prevention and first aid knowledge



Special education and exercise on typhoon and dust prevention



Education meeting at the typhoon evacuation site



Flood control emergency exercise

Co-building and Sharing for a Better Life

Adhering to the philosophy of win-win cooperation and development, Red Star Macalline is committed to building a diversified and stable supply chain on the principles of fair, open, transparent and honest supply chain management. We share the development results with society, making due contributions to society. We actively participate in the traditional culture protection and social co-construction, and give back to society with a high sense of social responsibility, while promoting prosperity of communities.





Jointly Building a High-quality Supply Chain

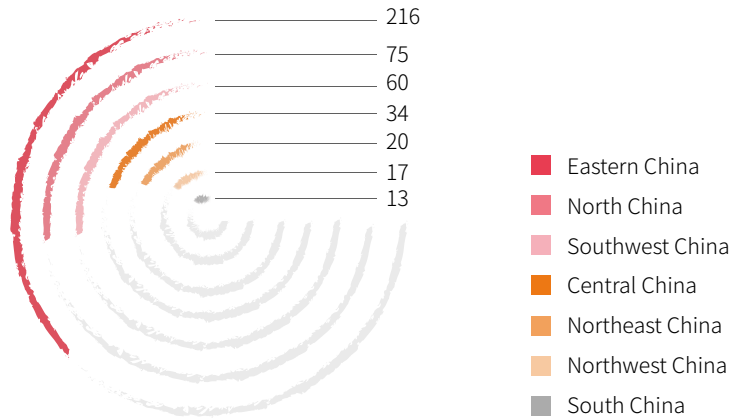
On the basic principle of openness and sharing amid equal and transparent cooperation, Red Star Macalline continuously improves the supply chain system and strengthens supplier management. We actively cooperate and communicate with our suppliers to jointly build a sustainable value chain.

Supplier Management

435

major suppliers

Our suppliers include brand partners, home improvement accessory suppliers and materials and service suppliers. Brand partners are mainly responsible for providing home furnishing products sold in Red Star Macalline shopping malls, home improvement accessory suppliers mainly supply home improvement accessories, and materials and service suppliers are mainly responsible for providing products other than home furnishing products (such as office supplies, promotional gifts, cleaning services, etc.). As at the end of the Reporting Period, 435 major suppliers contributed 80% of the total purchase order amount in 2023, with specific distribution details as follows.



Distribution of suppliers in 2023

We follow the procurement principle of unified negotiation and separate procurement, requiring our suppliers to meet requirements for business qualifications and internal management improvement. For suppliers, we have formulated the *Procurement Management Regulations*, the *Home Improvement Accessory Supplier Management Regulations* and the *Product Qualification Management Regulations*, which explicitly stipulate the charging standards and compliance verification for access qualifications, supplier access standards, verification requirements, elimination mechanism, etc.

We have established a multi-dimensional assessment system with participation of multiple departments, based on which all cooperation suppliers will be assessed through on-site assessment and annual review on an annual basis. The assessment score will be used to eliminate suppliers in lowest rankings.

In order to ensure our suppliers provide us with high-quality services in compliance, we conduct regular on-site assessments and irregular tour inspections of them. We assist our suppliers in developing rectification plans and supervising their implementation to correct the problems found through review and inspection and effectively control supply chain risks, so as to continuously improve supply quality. During the Reporting Period, we reviewed the performance of our major suppliers in 2022. According to the results of the year-end assessment in 2023, 273 major suppliers that contributed 80% of the total purchase order amount in 2022 have received the performance review.

Sustainability Management of Suppliers

During the Reporting Period

100%

of procurement suppliers had signed the *Supplier Integrity Commitment*

Red Star Macalline values fulfillment of environmental and social responsibilities together with business partners to achieve more stable and sustainable development. We regularly assess our suppliers' performance in terms of labor, environment, occupational health and safety, and quality, regard them as assessment indicators for supplier access and review, and identify their risks in safe and civilized construction and employee protection.

We strictly require suppliers to follow the same business ethics standards. We require our suppliers to strictly abide by all applicable laws and regulations and establish their own integrity management rules. In addition, we require existing suppliers to enter into the *Supplier Integrity Commitment*, to ensure good operation of suppliers while safeguarding our own interests and prevent and eliminate the behaviors of violating laws, regulations and disciplinary requirements from the source. Regarding major procurement events, such as large-scale advertising placement and exhibition construction, the Company's supervision department will conduct random inspection and acceptance, and inform the procurement department of the acceptance results, which will be used as the basis for final settlement. During the Reporting Period, 100% of procurement suppliers had signed the *Supplier Integrity Commitment*.

In terms of material procurement, we actively promote the use of green building materials and decoration materials, and also the improvement of environmental standards. Prioritizing the selection of renewable resources and energy-saving and emission-reducing equipment, we actively introduce low-carbon and green products, and urge the elimination of high-pollution and high-emission derivative products. During the Reporting Period, we only used the materials having passed China Environmental Labeling Certification for all projects. In the future, we will continue to improve the environmental standards and requirements for materials and promote green development of the entire industry chain.

Communication with Suppliers

We actively cooperate with our suppliers, and regularly communicate and exchange on industry development through phone calls, emails, supplier conferences, etc.



Supplier Conference: Strengthening Cooperation with Suppliers

During the Reporting Period, we held a supplier conference to award excellent suppliers who made outstanding contributions in supporting the operation of our regional shopping malls. At the supplier conference, some representatives of our outstanding suppliers received awards and delivered speeches, which firmed their confidence and impetus of further cooperating with us.



Digital Procurement

We have completed the construction of the "Supplier Collaboration Platform". Relying on the platform, online suppliers can update real-time information including delivery of goods, inspection and receipt in warehouses and invoice issuing, which significantly enhanced the efficiency of procurement. Besides, we have built an intelligent procurement e-commerce platform, so that our stores can provide a variety of standardized products with competitive prices and efficient distribution capabilities relying on advanced online e-commerce models of China.

Co-creating a Better Future

As a responsible enterprise, Red Star Macalline continues to participate in public welfare undertakings, sharing development results with society. We continue to innovate the form of public welfare, and actively carry out various public welfare activities, engage in cultural heritage protection, education, charitable donations and rural revitalization, to convey warmth to the community, and to contribute to the community the power of Redstar Macalline.

Protecting Traditional Culture

Red Star Macalline vigorously carries forward traditional Chinese culture, and actively spreads aesthetic concepts, honoring the commitment to protecting traditional Chinese culture. Adhering to the reverence for Dunhuang culture, Redstar Macalline has joined hands with the Dunhuang Research Institute for six consecutive years to carry out the Dunhuang Grottoes Public Welfare Space Renovation Project to help protect the Dunhuang Grottoes.



Protection of Dunhuang Culture

In 2023, Red Star Macalline, in cooperation with China Dunhuang Grottoes Conservation Research Foundation, aided the design and renovation of Dunhuang screen protection facilities, enhancing the ability to protect the cultural relics in the 16th cave of the Mogao Grottoes and also the safety of tourists. In June 2023, Red Star Macalline and nearly a hundred designers attended the Dunhuang Aesthetics Seminar to appreciate and spread Dunhuang aesthetics and jointly discuss the design linkage between home furnishing and national tide.



Protective Exhibition Project of the Mogao Grottoes Donated by Red Star Macalline

Seeking inspirations from intangible cultural heritages, Red Star Macalline is committed to exploring new models of integrating traditional culture and commercial civilization, and protecting and inheriting intangible cultural heritages.



Exchange on Intangible Cultural Heritages of Soft Decoration

In September 2023, Red Star Macalline held the China Soft Decoration Aesthetics Origin Seminar themed by "Refresh · Searching for Blue Sky". Together with 18 soft decoration brands, we entered Rongjiang County, Qiongdongnan Prefecture, exploring intangible cultural heritage techniques of blue dyeing, Miao-Dong embroidery, wax dyeing, and hand woven fabrics, and opening a dialogue between traditional culture and modern commercial civilization.



2023 China Soft Decoration Aesthetics Origin Seminar themed by "Refresh · Searching for Blue Sky"

Spreading Warmth

While seeking for self-development, Red Star Macalline actively engages in various public welfare undertakings. The Company actively assumes social responsibilities and pays attention to the growth needs of Chinese children. We enlighten many children from Nujiang of Yunnan province by providing aesthetic courses.

We always care for vulnerable groups, bringing warmth to more people. Yuncheng Trade Union of Red Star Macalline, together with eight caring merchants and the Yuncheng Golden Sun Volunteer Association, carried out the public welfare activity themed by "Go with Love on June 1" to comfort the children in need from Huangnigang Town, conveying the warmth and care. Amid the development, Red Star Macalline always helps special groups. The Secretary General of Tianjin Welfare Fund for the Handicapped, and Tianjin Hongqiao Shopping Mall of Red Star Macalline signed a strategic cooperation agreement on supporting and helping the disabled, and discussed the specific matters of helping the disabled get jobs and improving their home life quality. We donated funds to Tianjin Welfare Fund for the Handicapped to help more special groups.

Our employee volunteers actively participate in various volunteer activities. During the Reporting Period, totally 68 employees provided 185 hours of volunteer services (five times in total).



The First Aesthetic Lesson for Chinese Children

In August 2023, Red Star Macalline and Shanghai First Finance Public Welfare Foundation jointly launched an innovative public welfare project titled "Color of Time- Clay Tablet Mural Workshop" - An Aesthetic Lesson for Chinese Children. We organized wonderful parent-child interactive aesthetic education activities in the shopping malls in Tianjin, Jinan, Xi'an, Hefei, Beijing, Nanjing, and other places, paying attention to the growth of Chinese children.



"Color of Time- Clay Tablet Mural Workshop" - An Aesthetic Lesson for Chinese Children

In active response to the national call of common prosperity, we pay attention to the needs of people in remote areas, and actively promote the self-reliant development of remote mountainous areas. Advocating the corporate culture of fairness, brightness and unity, we further honor our commitment of corporate citizenship, and are committed to building a better society and creating a better life.

ESG Key Performance Table

Indicator	Unit	2023 ⁵	2022	2021
Emissions				
Total GHG emissions (Scope 1 and Scope 2) ⁶	Tons of CO ₂ e	420,264.33	965,767.64	1,004,170.06
Total direct GHG emissions (Scope 1)	Tons of CO ₂ e	73,928.96	73,361.85	77,925.99
Total indirect GHG emissions (Scope 2)	Tons of CO ₂ e	346,335.37	892,405.79	926,244.07
GHG emissions per 10,000 m ²	Tons of CO ₂ e /10,000 m ²	192.97	429.07	450.23
Total waste gas emissions ⁷	Kg	81.28	81.06	417.57
NO _x emissions	Kg	74.93	73.58	382.68
SO _x emissions	Kg	0.35	2.06	8.80
PM emissions	Kg	5.99	5.42	28.18
Total hazardous waste	Tons	7.20	37.80	43.50
Total non-hazardous waste	Tons	182,074.47	1,670.30	2,243.11
Hazardous waste per 10,000 m ²	Tons /10,000 m ²	0.003	0.02	0.02
Non-hazardous waste per 10,000 m ²	Tons /10,000 m ²	83.60	0.74	1.01
Water Consumption				
Total water consumption	Cubic meter	5,851,440.23	6,808,216.41	7,102,419.62
Water consumption per 10,000 m ²	Cubic meter /10,000 m ²	2,686.83	3,024.76	3,184.44
Energy Consumption⁸				
Total energy consumption	MWh	985,478.85	1,672,477.50	1,751,957.83
Purchased electricity	MWh	602,027.22	1,313,893.08	1,372,136.58
Purchased heat	MWh	7,573.87	-	-
Natural gas	MWh	368,730.26	357,369.23	374,655.03
Gasoline	MWh	998.19	1,215.19	5,166.22
Diesel fuel	MWh	12.27	0	33.10
Purchased green electricity	MWh	6,137.04	-	-

⁵ The scope of environmental performance indicators disclosed in the Report includes the corporate office and operational management of Portfolio Shopping Malls, Managed Shopping Malls and Hongqiao Headquarters. The scope of environmental performance indicators disclosed in 2022 was broader and encompassed a more comprehensive operational range of Portfolio Shopping Malls and Managed Shopping Malls, which are differentiated from the scope of the Report. The area used to calculate the intensity is the operational areas of Portfolio Shopping Malls and Managed Shopping Malls, as well as the office areas of Hongqiao Headquarters in 2023. The increase in certain environmental performance indicators is due to the resumption of operations.

⁶ The Group's GHG emissions are mainly from our own vehicle fuel combustion, natural gas combustion, diesel fuel combustion, purchased electricity and purchased hot water. The calculation of GHG emissions is based on the *Industrial Companies in Other Industries in Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines* published by the National Development and Reform Commission of the People's Republic of China, and the national grid average emission factors published by the Ministry of Ecology and Environment of the People's Republic of China.

⁷ The data of air emission of the Group was sourced from the vehicle emission. NO_x, SO_x, PM: Based on the emission factors provided in the EMFAC-HK Vehicle Emission Calculation model published by the Environmental Protection Department of Hong Kong.

⁸ Calculation of energy consumption by reference to the General Principles of Comprehensive Energy Consumption Calculation (GB2589-2020) issued by the State Administration for Market Regulation and the Standardization Administration of China.

Indicator	Unit	2023	2022	2021
Energy consumption per 10,000 m ²	MWh / 10,000 m ²	452.51	743.05	785.51
Employment				
Total number of employees	No. of people	14,543	18,101	21,514
By Gender				
Female	No. of people	6,214	7,818	9,015
Male	No. of people	8,329	10,283	12,499
By Region				
East China	No. of people	6,215	7,834	9,715
South China	No. of people	920	1,188	1,357
Central China	No. of people	1,628	2,086	2,787
North China	No. of people	2,141	2,576	2,667
Northwest China	No. of people	550	753	885
Southwest China	No. of people	2,184	2,617	2,837
Northeast China	No. of people	905	1,047	1,266
By Age				
Below 30 (Not including 30)	No. of people	4,105	6,718	8,895
30 to 50	No. of people	9,514	10,240	11,422
Over 50 (Not including 50)	No. of people	924	1,143	1,197
By Job Position				
Senior management	No. of people	11	13	291
Middle management	No. of people	1,535	1,871	1,927
Non-management employees	No. of people	12,997	16,217	19,296
Employee Turnover				
By Gender				
Female	%	47.78	32.21	29.72
Male	%	46.96	35.92	33.22
By Age				
Below 30 (Not including 30)	%	78.95	44.35	39.56
30 to 50	%	35.60	26.89	25.67
Over 50 (Not including 50)	%	27.27	23.95	17.96
By Region				
East China	%	45.79	35.04	30.39
South China	%	57.07	32.77	32.42

Indicator	Unit	2023	2022	2021
Central China	%	59.77	41.32	37.80
North China	%	42.08	30.86	29.13
Northwest China	%	68.73	38.13	35.02
Southwest China	%	41.39	30.51	30.91
Northeast China	%	39.01	29.73	32.15
Development and Training				
Percentage of employees trained	%	100	100	100
Training hours per employee	Hours	48.36	174	248
By Gender				
Female	Hours	49.78	174	242
Male	Hours	47.29	174	253
By Job Position				
Senior management	Hours	503.09	117	204
Middle management	Hours	75.00	208	331
Non-management employees	Hours	44.82	170	241
Safety				
Number of work-related fatalities	No. of people	0	0	1
Percentage of work-related fatalities	%	0	0	0.0046
Lost days due to work injury	Days	1,670	1,406	0
Supply Chain Management				
Total number of suppliers	No. of suppliers	435	381	411
By Region				
East China	No. of suppliers	216	173	223
South China	No. of suppliers	13	14	11
Central China	No. of suppliers	34	20	36
North China	No. of suppliers	75	81	70
Northwest China	No. of suppliers	17	27	10
Southwest China	No. of suppliers	60	49	37
Northeast China	No. of suppliers	20	17	24
Product Responsibility				

Indicator	Unit	2023	2022	2021
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0	0
Number of products and service related complaints received	No. of items	113	138	31
Social Investment				
Social investment	RMB 10,000	5.67	598	3,104

Appendix:

Content Index of the Environmental, Social and Governance Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
Environmental		
Aspect A1	Emissions	
	Information on:	
General Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Adhering to the Green Concept Building Green Shopping Malls
KPI A1.1	The types of emissions and respective emissions data.	ESG Key Performance Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	ESG Key Performance Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	ESG Key Performance Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity. (e.g., per unit of production volume, per facility).	ESG Key Performance Table
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Adhering to the Green Concept Building Green Shopping Malls
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Adhering to the Green Concept Building Green Shopping Malls
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Adhering to the Green Concept Building Green Shopping Malls
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	ESG Key Performance Table
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	ESG Key Performance Table

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
KPI A2.3	Description of energy-use efficiency target(s) set and steps taken to achieve them.	Adhering to the Green Concept Building Green Shopping Malls
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Adhering to the Green Concept Building Green Shopping Malls
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Adhering to the Green Concept Building Green Shopping Malls
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Adhering to the Green Concept Building Green Shopping Malls
Aspect A4	Climate Change	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Building Green Shopping Malls
KPI A4.1	Description of significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Building Green Shopping Malls
Social		
Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Safeguarding Employee Rights and Interests Empowering our Employees Enhancing Employee Happiness

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	ESG Key Performance Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Key Performance Table
Aspect B2	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	ESG Key Performance Table
KPI B2.2	Lost days due to work injury.	ESG Key Performance Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Empowering our Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Empowering our Employees
KPI B3.2	The average training hours completed per employee by gender and employee category.	ESG Key Performance Table
Aspect B4	Labour Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Safeguarding Employee Rights and Interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Safeguarding Employee Rights and Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Safeguarding Employee Rights and Interests
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Jointly Building a High-quality Supply Chain
KPI B5.1	Number of suppliers by geographical region.	ESG Key Performance Table

Subject Areas, Aspects, General Disclosures and KPIs		Chapter
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Jointly Building a High-quality Supply Chain
Aspect B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Exploring New Retail Mode of Home Furnishings Creating a Star-level Customer Experience
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG Key Performance Table
KPI B6.2	Number of product- and service-related complaints received and how they are dealt with.	ESG Key Performance Table
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Corporate Governance
KPI B6.4	Description of quality assurance process and recall procedures.	Exploring New Retail Mode of Home Furnishings
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Creating a Star-level Customer Experience
Aspect B7	Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Governance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance
Aspect B8	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Co-creating a Better Future
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Co-creating a Better Future
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	ESG Key Performance Table

