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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt about any of the contents of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Red Star Macalline Group Corporation Ltd., you should at once hand this circular together with the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

*(A sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1528)**

**WORK REPORT OF THE BOARD OF THE COMPANY FOR 2023**  
**WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY FOR 2023**  
**FINAL ACCOUNT REPORT OF THE COMPANY FOR 2023**  
**FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2024**  
**ANNUAL REPORT AND ANNUAL RESULTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2023**  
**PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2023**  
**RESOLUTION CONCERNING THE REMUNERATION OF DIRECTORS OF THE COMPANY FOR 2023**  
**RESOLUTION CONCERNING THE REMUNERATION OF SUPERVISORS OF THE COMPANY FOR 2023**  
**RESOLUTION CONCERNING THE RE-APPOINTMENT OF THE AUDITOR OF THE COMPANY FOR THE**  
**FINANCIAL REPORT AND THE INTERNAL CONTROL AUDITOR OF THE COMPANY FOR THE YEAR 2024**  
**RESOLUTION CONCERNING THE CONCLUSION, EXTENSION, SUSPENSION AND TERMINATION OF**  
**INVESTMENT PROJECTS WITH PARTIAL PROCEEDS OF THE COMPANY'S A SHARES**  
**AND**  
**NOTICE OF THE 2023 AGM**

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A letter from the Board is set out on pages 3 to 5 of this circular.

A notice convening the 2023 AGM of the Company to be held at 10:00 a.m. on Thursday, 23 May 2024 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarters, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC will be published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.chinaredstar.com](http://www.chinaredstar.com)) together with this circular.

Shareholders who intend to appoint a proxy to attend the 2023 AGM shall complete and return the proxy form in accordance with the instructions printed thereon. The proxy form must be signed by you, or your attorney duly authorized in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorized to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign, or other documents of authorization, must be notarized.

In the case of joint holders of Shares of the Company, only the holder whose name stands first in the register of members of the Company shall alone be entitled to vote at the 2023 AGM, either in person or by proxy in respect of such Shares.

For H Share Shareholders, please return the proxy form together with any document of authorization to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event not less than 24 hours before the time appointed for holding the 2023 AGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2023 AGM or any adjournment thereof should you so wish.

29 April 2024

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*Note: If there are any discrepancies between the Chinese version and the English version of this circular, the Chinese version shall prevail.*

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms shall have the following meanings:*

“A Share(s)”	the ordinary share(s) issued by the Company, with a nominal value of RMB1.0 each, listed on the SSE and traded in RMB
“A Share Shareholder(s)”	the holder(s) of the A Share(s)
“2023 AGM” or “2023 Annual General Meeting”	the 2023 annual general meeting to be convened and held on Thursday, 23 May 2024
“Articles of Association”	the articles of association of the Company, as amended, modified and otherwise supplemented from time to time
“Board”	the board of directors of the Company
“Company”	Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司), a sino-foreign joint stock company incorporated in the PRC with limited liability, whose H Shares are listed and traded on the main board of the Hong Kong Stock Exchange (stock code: 1528)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas-listed foreign invested ordinary share(s) with a nominal value of RMB1.0 each in the share capital of the Company, which is/are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Share Shareholder(s)”	the holder(s) of the H Share(s)
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	25 April 2024, being the latest practicable date for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, but for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	the A Share Shareholder(s) and the H Share Shareholder(s) of the Company
“SSE”	the Shanghai Stock Exchange
“Subsidiary(ies)”	has the meanings ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“%”	percent

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## LETTER FROM THE BOARD

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### Red Star Macalline Group Corporation Ltd.

### 紅星美凱龍家居集團股份有限公司

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

(Stock Code: 1528)

*Executive Directors:*

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

*Registered office in the PRC:*

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

*Non-executive Directors:*

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

*Principal place of business  
in Hong Kong:*

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

*Independent Non-executive Directors:*

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

29 April 2024

*To the Shareholders*

Dear Sir or Madam,

**WORK REPORT OF THE BOARD OF THE COMPANY FOR 2023  
WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY FOR 2023  
FINAL ACCOUNT REPORT OF THE COMPANY FOR 2023  
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RESOLUTION CONCERNING THE CONCLUSION, EXTENSION, SUSPENSION AND TERMINATION OF  
INVESTMENT PROJECTS WITH PARTIAL PROCEEDS OF THE COMPANY'S A SHARES  
AND  
NOTICE OF THE 2023 AGM**

#### **1. INTRODUCTION**

The purpose of this circular is to provide you with the notice of the 2023 AGM and information on certain resolutions to be proposed and considered at the 2023 AGM so that you are able to make an informed decision on whether to vote for or against those resolutions at the 2023 AGM.

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## LETTER FROM THE BOARD

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### 2. MATTERS TO BE CONSIDERED AT THE 2023 AGM

Ordinary resolutions to be proposed at the 2023 AGM for the Shareholders to consider and approve include: (a) the work report of the Board of the Company for 2023; (b) the work report of the Supervisory Committee of the Company for 2023; (c) the final account report of the Company for 2023; (d) the financial budget report of the Company for 2024; (e) the annual report and annual results of the Company for the year ended 31 December 2023; (f) the profit distribution plan of the Company for 2023; (g) the resolution concerning the remuneration of Directors of the Company for 2023; (h) the resolution concerning the remuneration of Supervisors of the Company for 2023; (i) the resolution concerning the re-appointment of the auditor of the Company for the financial report and the internal control auditor of the Company for the year 2024; and (j) the resolution concerning the conclusion, extension, suspension and termination of investment projects with partial proceeds of the Company's A shares.

Details of the matters to be considered at the 2023 AGM are set out on pages 6 to 13 in this circular. In order to enable you to have a better understanding of the resolutions to be proposed at the 2023 AGM and to make well-informed decisions, the Company has provided detailed information in this circular, including matters to be considered at the 2023 AGM (see Appendix I), the work report of the Board for 2023 (see Appendix II), the work report of the Supervisory Committee for 2023 (see Appendix III), the final account report of the Company for 2023 (see Appendix IV), the financial budget report of the Company for 2024 (see Appendix V) and the resolution concerning the conclusion, extension, suspension and termination of investment projects with partial proceeds of the Company's A Shares (see Appendix VI).

### 3. THE 2023 AGM

A notice convening the 2023 AGM of the Company to be held at 10:00 a.m. on Thursday, 23 May 2024 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarters, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, is set out on pages 42 to 43 in this circular.

The proxy form for the 2023 AGM is also enclosed herein and published on the website of the Hong Kong Stock Exchange ([www.hkexnews.com.hk](http://www.hkexnews.com.hk)). The Shareholders who intend to appoint a proxy to attend the 2023 AGM shall complete, sign and return the proxy form in accordance with the instructions printed thereon.

For H Share Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a copy of the notarially certified power of attorney or other authority, must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the 2023 AGM in order for such documents to be valid.

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## LETTER FROM THE BOARD

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Pursuant to the Articles of Association, for the purpose of holding the 2023 AGM, the register of members of H Shares will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024 (both dates inclusive), during which period no transfer of H Shares will be registered. H Share Shareholders whose names appear on the register of members of the Company on Monday, 20 May 2024 are entitled to attend and vote at the 2023 AGM. For information about A Share Shareholders' attendance at the 2023 AGM, please see the A Share announcement published by the Company on the website of the SSE.

In order to ascertain the entitlements to attend and vote at the 2023 AGM, H Share Shareholders shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Company's H Share registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 17 May 2024.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolutions proposed at the 2023 AGM will be voted by poll.

#### 4. RECOMMENDATION

The Directors consider that all resolutions set out in the notice of the 2023 AGM for consideration and approval by Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the 2023 AGM.

#### 5. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, provides information in relation to the Company in compliance with the Listing Rules. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,

By order of the Board

**Red Star Macalline Group Corporation Ltd.**

**QIU Zhe**

*Secretary of the Board and Joint Company Secretary*

**ORDINARY RESOLUTIONS**

**A. TO CONSIDER AND APPROVE THE WORK REPORT OF THE BOARD OF THE COMPANY FOR 2023**

The work report of the Board of the Company for 2023 has been considered and approved by the Board and is hereby proposed at the 2023 AGM for Shareholders' consideration and approval, details of which are set out in Appendix II to this circular.

**B. TO CONSIDER AND APPROVE THE WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY FOR 2023**

The work report of the Supervisory Committee of the Company for 2023 has been considered and approved by the Supervisory Committee and is hereby proposed at the 2023 AGM for Shareholders' consideration and approval, details of which are set out in Appendix III to this circular.

**C. TO CONSIDER AND APPROVE THE FINAL ACCOUNT REPORT OF THE COMPANY FOR 2023**

The final account report of the Company for 2023 has been considered and approved by the Board and is hereby proposed at the 2023 AGM for Shareholders' consideration and approval, details of which are set out in Appendix IV to this circular.

**D. TO CONSIDER AND APPROVE THE FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2024**

The financial budget report of the Company for 2024 has been considered and approved by the Board and is hereby proposed at the 2023 AGM for Shareholders' consideration and approval, details of which are set out in Appendix V to this circular.

**E. TO CONSIDER AND APPROVE THE ANNUAL REPORT AND ANNUAL RESULTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2023**

The Board will submit the 2023 Annual Report and Summary of the Company (A Shares), the Annual Results for the year ended 31 December 2023 of the Company and the Annual Report for the year ended 31 December 2023 of the Company (H Shares) to the 2023 AGM for Shareholders' consideration, which complies with the procedural requirements of the Articles of Association for the proposal of resolutions at and convening of the Shareholders' general meeting.

The abovementioned resolutions have been considered and approved by the Board and are hereby proposed at the 2023 AGM for Shareholders' consideration and approval.



**F. TO CONSIDER AND APPROVE THE PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2023****I. The profit distribution plan of the Company for 2023 is as follows:**

1. The adjusted accumulated undistributed profits of the parent company at the beginning of 2023 due to changes in accounting policies were RMB8,143,261,169.82, minus the net loss of RMB782,315,793.02 realized by the parent company in 2023, minus the 2022 cash dividend of RMB348,295,029.84 implemented during the year of 2023, plus the undistributed profits of RMB86,350,563.66 carried forward due to the sale of other equity instruments in the year of 2023. In accordance with the Company Law and the relevant provisions of the Articles of Association, no statutory surplus reserve fund has been withdrawn this year. As of 31 December 2023, the parent company's distributable profits are RMB7,099,000,910.62.
2. In accordance with the relevant provisions of the Articles of Association, combined with the actual operating conditions of the Company, and comprehensive consideration of the Company's long-term development and the interests of investors, the Board has formulated a profit distribution plan for 2023 as follows: there will be no cash dividend distribution in 2023, and no capital reserve will be converted into share capital.

**II. Explanation of no profit distribution in 2023**

In accordance with the relevant provisions of the “Self-regulatory Guidelines for the Companies Listed on the Shanghai Stock Exchange No. 1 – Standardized Operation” and “Regulatory Guideline for Listed Companies No. 3 – Cash Dividends for Listed Companies”, a detailed explanation based on the characteristics of the industry in which the Company operates, development stage, its own business model, profitability, capital requirements and other factors is as follows:

***(1) The conditions and characteristics of the industry in which the Company operates***

As a leading home improvement and furnishings shopping mall operator in China, the Company mainly provides one-stop services to merchants, consumers and partners by operating and managing Portfolio Shopping Malls and Managed Shopping Malls. Portfolio Shopping Malls ensure the Company's layout in strategic locations and provide stable rental income. The Managed Shopping Malls can allow limited investment to achieve effective layout in the lower-tier market. In addition, the Company also provides pan-home furnishing consumption services including internet retail and home decoration.

According to monitoring and related data from the National Bureau of Statistics, in 2023, investment in real estate development dropped by 9.6% from the previous year, funds available for real estate development enterprises dropped by 13.6%, national commercial housing sales area dropped by 8.5% from the previous year, and sales dropped by 6.5%. After more than 20 years of development, the real estate market is in the process of adjustment and transformation.

***(2) The Company’s development stage and its own business model***

The Company has persistently adhered to the mission of “building a warm and harmonious homeland and enhancing consumption and lifestyle”, and followed the operation and management model of “market-oriented management and shopping mall management” to provide better and more professional services for consumers, consolidate our market leadership and strengthen the brand image of “Home Furnishing Expert” of “Red Star Macalline” in the consumers’ mind to build the most pioneering and professional “omni-channel platform provider in the home improvement and furnishing industry”. The Company has built a strong moat with its own core commercial properties, and used a light-asset management model to help effectively penetrate the lower-tier markets. Meanwhile, the Company has adhered to the “operation-focused” strategy to deeply develop the operation of ten theme pavilions, introduce new business and strengthen category expansion, so as to consolidate our leading position in the industry. In addition, the Company has relied on its strong innovation capabilities and digital operation capabilities to continue to promote new retail models for home furnishing consumption.

***(3) The Company’s profitability and capital requirements***

In 2023, the Company achieved operating income of RMB11,514,982,938.87, and the net profit attributable to owners of the Company (losses are presented with “-”) of RMB-2,216,358,759.33. In 2024, the Company will strive to promote the transformation and upgrading of its business layout, achieve diversified operations and improve market competitiveness to maximize Shareholder value. In 2024, the Company will continue to focus on the three main businesses categories including furniture, home improvement materials and electrical appliances, actively cultivate, attract, stabilize and retain merchants, as well as expand new business forms and introduce new categories. Therefore, the Company’s business development in 2024 requires strong financial support.

***(4) Reasons for no profit distribution by the Company***

Considering that since 2023, China’s economic development has faced increasingly complex and volatile internal and external environments, with economic growth slowing down and downward pressure continuing to increase. In view of the fact that the Company’s net profit attributable to owner of the Company in 2023 was negative and no profit has been realized, on the premise of ensuring the Company’s normal operations and long-term development, the Board decided not to distribute cash dividends in 2023 and not to convert capital reserve into share capital after considering the Company’s sustainable development plan, profitability, business plan and capital arrangements.

*(5) The actual usage of the Company's retained earnings and expected income*

In addition to ensuring the normal operation of production and operations, the Company's retained earnings are mainly used for investment and construction of projects under construction and expansion. In 2024, the Company will adhere to the business model transformation of "light-asset, operation-focused and leverage reduction". The Company will consolidate its market leadership in first- and second-tier cities through Portfolio Shopping Malls, deploy and optimize the home furnishing mall network through the selected partners under light-asset model in core cities, especially in lower-tier markets, and improve the operational efficiency and operation results of opened shopping malls through focusing on operations. The Company will rationally plan and arrange capital investment, expand financing channels and reduce financing costs while maintaining a stable financial position and debt ratio to maximize benefits.

The Company's profit distribution attaches great importance to reasonable investment returns for investors, and the profit distribution policy maintains continuity and stability. In the future, the Company will strictly comply with relevant laws and regulations and the Articles of Association to provide convenience for small and medium-sized Shareholders to participate in cash dividend decisions. Meanwhile, the Company will actively implement the Company's profit distribution system, pay attention to returning investors in the form of cash dividends, and bring more returns to all Shareholders.

**APPENDIX I MATTERS TO BE CONSIDERED AT THE 2023 AGM**

**G. TO CONSIDER AND APPROVE THE RESOLUTION CONCERNING THE REMUNERATION OF DIRECTORS OF THE COMPANY FOR 2023**

In accordance with the relevant provisions of the Company Law, the Articles of Association and other regulations, based on the remuneration level in the industry in which the Company operates, the annual operating performance and performance appraisal results of the Company, and combined with the actual situation of the Company and the service terms and workload of independent Directors, the remuneration of Directors of the Company for 2023 is as follows:

<b>Name</b>	<b>Position</b>	<b>Remuneration received from the Company for 2023 (RMB'0,000, before tax)</b>
ZHENG Yongda	Chairman, Non-executive Director	0.00
CHE Jianxing	Executive Director, General Manager	302.33
WANG Wenhui	Non-executive Director	0.00
ZOU Shaorong	Non-executive Director	0.00
SHI Yaofeng	Executive Director, Deputy General Manager	112.15
YANG Yingwu	Executive Director, Deputy General Manager, Chief Financial Officer	53.57
LI Jianhong	Executive Director	216.56
SONG Guangbin	Non-executive Director	0.00
XU Di	Non-executive Director	0.00
XUE Wei	Independent Non-executive Director	7.61
CHEN Shanang	Independent Non-executive Director	7.61
HUANG Jianzhong	Independent Non-executive Director	7.61
WONG Chi Wai	Independent Non-executive Director	7.61
CAI Qinghui	Independent Non-executive Director	7.61
GUO Binghe (resigned) <sup>(1)</sup>	Former Vice Chairman, Executive Director	9.39
CHE Jianfang (resigned) <sup>(2)</sup>	Former Executive Director, Deputy General Manager	128.40
JIANG Xiaozhong (resigned) <sup>(3)</sup>	Former Executive Director	143.93
CHEN Shuhong (resigned) <sup>(4)</sup>	Former Non-executive Director	5.60
HU Xiao (resigned) <sup>(6)</sup>	Former Non-executive Director	0.00
YANG Guang (resigned) <sup>(5)</sup>	Former Non-executive Director	0.00
CHEN Zhaohui (resigned) <sup>(6)</sup>	Former Non-executive Director	0.00
JIANG Xiangyu (resigned) <sup>(6)</sup>	Former Non-executive Director	0.00

**APPENDIX I MATTERS TO BE CONSIDERED AT THE 2023 AGM**

Name	Position	Remuneration received from the Company for 2023
		(RMB'0,000, before tax)
WANG Xiao (resigned) <sup>(7)</sup>	Former Independent Non-executive Director	37.39
ZHAO Chongyi (resigned) <sup>(7)</sup>	Former Independent Non-executive Director	37.39
LEE Kwan Hung, Eddie (resigned) <sup>(7)</sup>	Former Independent Non-executive Director	37.39
QIAN Shizheng (resigned) <sup>(7)</sup>	Former Independent Non-executive Director	37.39
QIN Hong (resigned) <sup>(7)</sup>	Former Independent Non-executive Director	37.39

*Notes:*

- (1) Mr. GUO Binghe resigned as Vice Chairman and an executive Director of the Company on 17 January 2023 due to related work arrangements.
- (2) Ms. CHE Jianfang resigned as an executive Director of the Company on 17 January 2023 due to related work arrangements.
- (3) Mr. JIANG Xiaozhong resigned as an executive Director of the Company on 17 January 2023 due to related work arrangements.
- (4) Ms. CHEN Shuhong resigned as a non-executive Director of the Company on 17 January 2023 due to related work arrangements.
- (5) Mr. YANG Guang resigned as a non-executive Director of the Company on 15 February 2023 due to related work arrangements.
- (6) Ms. HU Xiao, Mr. CHEN Zhaohui and Mr. JIANG Xiangyu retired as non-executive Directors of the Company on 15 August 2023.
- (7) Mr. WANG Xiao, Ms. ZHAO Chongyi, Mr. LEE Kwan Hung, Eddie, Mr. QIAN Shizheng and Ms. QIN Hong retired as independent non-executive Directors of the Company on 15 August 2023.

The Board has considered and approved the abovementioned resolutions and the related Directors have abstained from voting on the relevant resolution concerning their respective remunerations. The abovementioned resolutions are hereby proposed at the 2023 AGM for Shareholders' consideration and approval, while the related Shareholder, Red Star Macalline Holding Group Company Limited, Changzhou Meikai Information Technology Co., Ltd. (常州美開信息科技有限公司), Mr. CHE Jianxing, Mr. LI Jianhong, Mr. JIANG Xiaozhong, Ms. CHE Jianfang and Ms. CHEN Shuhong will be required to abstain from voting.

**H. TO CONSIDER AND APPROVE THE RESOLUTION CONCERNING THE REMUNERATION OF SUPERVISORS OF THE COMPANY FOR 2023**

In accordance with the relevant provisions of the Company Law, the Articles of Association and other relevant regulations, based on the remuneration level in the industry in which the Company operates, the annual operating performance and performance appraisal results of the Company, and combined with the actual situation of the Company and the service terms and workload of independent Supervisors, the remuneration of Supervisors of the Company for 2023 is as follows:

Name	Position	Remuneration received from the Company for 2023 (RMB'0,000, before tax)
CHEN Jiasheng	Chairman of the Supervisory Committee, Independent Supervisor	5.71
MA Chenguang	Independent Supervisor	5.71
TANG Rongzhen	Employee Representative Supervisor	47.48
WANG Shouyi	Employee Representative Supervisor	26.63
PAN Ning (resigned) <sup>(1)</sup>	Former Chairman of the Supervisory Committee, Former Employee Representative Supervisor	142.78
CHAO Yanping (resigned) <sup>(1)</sup>	Former Employee Representative Supervisor	38.66
CHEN Gang (resigned) <sup>(1)</sup>	Former Independent Supervisor	11.22
ZHENG Hongtao (resigned) <sup>(1)</sup>	Former Independent Supervisor	11.22

*Note:*

- (1) Mr. PAN Ning, Ms. CHAO Yanping, Mr. CHEN Gang and Mr. ZHENG Hongtao retired as Supervisors of the Company on 15 August 2023.

The Supervisory Committee has considered and approved the abovementioned resolutions and the related Supervisors have abstained from voting on the relevant resolutions concerning their respective remuneration. The abovementioned resolution is hereby proposed at the 2023 AGM for Shareholder's consideration and approval, while the related Shareholder, Mr. PAN Ning will be required to abstain from voting.

**I. TO CONSIDER AND APPROVE THE RE-APPOINTMENT OF THE AUDITOR FOR THE FINANCIAL REPORT AND THE INTERNAL CONTROL AUDITOR OF THE COMPANY FOR THE YEAR 2024**

The Company proposes to re-appoint RSM China as the PRC accounting standards auditor of the Company for the year 2024, to re-appoint CL Partners CPA Limited as international accounting standards auditor of the Company for the year 2024 until conclusion of the next annual general meeting and determine its audit fees according to industry standards and the actual situation of the Company's audit work.

The Company proposes to re-appoint RSM China as the internal control auditor of the Company for the year 2024 until conclusion of the next annual general meeting and determine its service fees according to industry standards and the actual situation of the Company's internal control work.

The abovementioned resolution has been considered and approved by the Board and is hereby proposed at the 2023 AGM for Shareholders' consideration and approval.

**J. TO CONSIDER AND APPROVE THE RESOLUTION CONCERNING THE CONCLUSION, EXTENSION, SUSPENSION AND TERMINATION OF INVESTMENT PROJECTS WITH PARTIAL PROCEEDS OF THE COMPANY'S A SHARES**

The resolution concerning the conclusion, extension, suspension and termination of investment projects with partial proceeds of the Company's A Shares has been considered and approved by the Board and is hereby proposed at the 2023 AGM for Shareholder's consideration and approval, details of which are set out in Appendix VI to this circular.

**WORK REPORT OF THE BOARD FOR 2023**

In 2023, the Board led the management in continuing to operate in a stable manner by actively coping with challenges and overcoming difficulties. In respect of corporate governance, the Board was in strict compliance with the relevant requirements of the Company Law, listing regulatory regulations and corporate rules and systems in performing its responsibilities and safeguarding the overall interests of all Shareholders and the Company. The major work of the Board in 2023 are presented as follows, the capitalized terms used herein shall have the same meanings as those defined in the 2023 annual report of the Company:

**I. MAJOR WORK OF THE BOARD IN 2023**

As of 31 December 2023, the Board convened 8 general meetings for the year, in which 43 resolutions were considered and passed, and held 27 meetings of the Board, in which 103 resolutions were considered and passed. For the four special committees under the Board, the Strategy and Investment Committee held 1 meeting; the Audit Committee held 6 meetings; the Remuneration and Evaluation Committee held 4 meetings; and the Nomination Committee held 4 meetings. For the matters reviewed and discussed at the meetings, please refer to the 2023 annual report of the Company.

During the year, the Board was responsible for the holding of the general meeting and performed the following duties: to approve and supervise all policy issues, overall strategy, budget, internal control and risk management system, material transactions (especially the transactions in which the parties with conflict of interests may be involved), the election of Board, Supervisory Committee and senior management and other material financial and operating affairs. The Directors may seek for independent professional opinions when fulfilling their duties and the relevant costs incurred will be borne by the Company. The Company also encourages the Directors to seek independent consultations with the senior management of the Company.

**II. 2023 PERFORMANCE****1. Financial Results**

In 2023, due to fluctuations in the macroeconomic environment and changes in industry channels, the occupancy rate of shopping malls declined in stages. The Company always shouldered the responsibility of being the pathfinder and burden bearer of the industry around the business decision by the Board, and actively implements the “heavy operation” strategy, deeply builds ten theme pavilions, optimizes the layout of shopping malls categories, continues to expand the area of smart electrical appliances, catering and other categories, and explores new hot selling brands and new energy vehicles to settle in; In addition, the Company further explores a new online and offline integrated retail model through methods such as the “10,000 Top Shopping Guides Live Streaming”, “Local Station Product Aggregation”, and links M+ high-end design center home decoration traffic portal and other ways, aiming to create a comprehensive online and offline home retail business network that integrates multiple store formats, category expansion, brand selection, scene experience, and systematic marketing. The Company’s revenue in 2023 was up to RMB11,515 million, representing a decrease of 18.55% over the Company’s revenue of RMB14,138 million in 2022, and the Company’s net profit attributable to owners of the parent company was RMB-2,216 million in 2023 (losses are presented with “-”).



## 2. Business Review

During the year ended 31 December 2023, under the macro-control policies on real estate, the domestic real estate market as a whole showed a trend of stable recovery, and the demand for partial refurbishment and renovation of old houses in the stock market demonstrating the vitality of consumption. While boosting consumption, the Company attached importance to the upgrading of its business model, and laid out its future core competitiveness in advance with a long-term vision. In recent years, the Company has relied on the strategy of “expansion of categories and focus on operation” to deeply build ten major categories of theme pavilions, such as smart electrical appliances, system doors and windows. In March 2023, the Company announced the M+ High-end Design Centre, which has already formed the “10+1” three-dimensional large-scale home furnishing ecology, with the online and offline comprehensive layout, full coverage of home furnishings, home decorations, high-end electrical appliances, and the full linkage of brands and designers’ resources.

### *(I) Business Development and Arrangements*

#### *1.1 Mature Nationwide Omni-Channel Commercial Network and Constantly Improve the Refined Rental Management Level*

As of 31 December 2023, the Company operated 87 Portfolio Shopping Malls, 275 Managed Shopping Malls, and 8 shopping malls through strategic cooperation, and 46 franchised home improvement material projects, including a total of 448 home improvement material stores/industry streets, covering 215 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 21,724,717 sq.m.

In terms of occupancy rate, the average occupancy rate of the Portfolio Shopping Malls was 82.8%, while the average occupancy rate of the Managed Shopping Malls was 85.7%. Among the pipeline Managed Shopping Malls, the Company has obtained land use rights certificate/land parcels for 292 contracted projects.

The Company has constantly improved the refined rental management level, implemented reasonable rental pricing, and further refined the floor level and category price difference specifications with the requirement of “five levels, one level and one price”. The booth rent grading and pricing mechanism was improved, and through the integration of big data systems, system and manual calibration functions were added to further refine management, improve overall management efficiency, and ensure the healthy and sustainable growth of overall rent.

#### *1.2 Continuous category extension, full chain marketing layout, and building a new digital ecosystem*

Through exploring and introducing high-quality resources in the industry, the Company continued to select mainstream categories and brands that meet the needs of consumers, thereby optimizing the structure of merchants and industry structure, maintaining the advantages of all categories and differentiation, and promoting experiential immersion consumption. Profoundly develop ten theme pavilions, the Company combined electrical

appliances, home decoration design and new energy vehicles sectors to stabilise occupancy rates. The annual area of electrical appliances increased by 45,000 square metres, accounting for 10.8%; the area of home decoration and design increased by 110,000 square metres, accounting for 3.3%; the area of new hot-selling brands accounted for 11.1% and the Class A+ imported area stabilized at 49.6%.

The Company has continued to introduce catering categories as the basic support for shopping malls. The Company created a multi-functional catering product portfolio in line with the space of Red Star Macalline by means of co-branding of home furnishing brands, chain catering, regional cooperation and other forms. During the year ended 31 December 2023, the Company proactively sought cooperation with core catering brands such as McDonald's, KFC, Pizza Hut, Starbucks, Luckin Coffee and NAIXUE to enhance the quality of the food courts and shopping experience in the shopping malls by adopting a "user-based mindset". In 2023, the coverage of catering category in shopping malls across the country increased from 43% to 54%, while the catering coverage in 100 Malls increased from 78% to 100%.

In addition to fashionable food and beverage services, the Company was also targeting the needs of mid-to-high-end household users in the big automobile ecosystem. As a mid-to-high-end home retail platform, the Company's consumer profile was highly overlapping with that of new energy vehicles and high-end used cars, etc. In July 2023, the Company entered into a strategic cooperation with Shanghai Carnex Automobile Service Co., Ltd. (上海卡乃馳汽車服務有限公司) and other parties to combine automobile and home furnishing categories and to try out a new business of "one-stop home purchase" ranging from home improvement to home furnishing, home electric appliances and automobiles" to improve the customer service experience. Taking this strategic co-operation as an opportunity, the Company will actively explore co-operation in the field of new energy vehicles. During the year ended 31 December 2023, the area of new energy automobile shops and high-end used cars settled in was more than 10,000 square metres, and a number of new energy brands such as Tesla, BYD Fangchengbao, Huawei AITO, Skyworth, Ford completed their investment in the Company; more than 10 luxury used cars were stationed in the Company; and GAC New Energy entered into cooperation at headquarter level to generate revenue from its consulting services. At present, the Company is gradually launching multi-dimensional pilot co-operation with new energy vehicle brands in Shanghai, Beijing, Shenzhen, Wuhan, Zhengzhou, Tianjin, Chongqing, Kunming, Suzhou, Fuzhou, Xi'an, Xining, Shenyang and other cities in terms of marketing, shop opening and energy distribution.

### *1.3 Deeply Expanding Home Improvement and Home Furnishings Integration, Constructing a High-Quality and High-End Traffic Ecology*

In March 2023, the Company announced the M+ High-end Design Centre, which was positioned as a super chain connector, aiming to become the first entrance for high-quality home decoration traffic. The growing demand of Consumers for design, the continuous accumulation of the Company in the design field and complete supply chain ecosystems for home improvement, home decoration and electrical appliances, and the team's solid category integration management and operation capabilities made it a ripe time for the launch of the M+ High-end Design Centre. With the design sector formally included in the corporate strategy, the

M+ High-end Design Centre will operate in tandem with the other ten theme pavilions to comprehensively enhance the customer acquisition and business capabilities of shopping malls, brands and distributors. In the future, with the design solution as the centre, shopping malls, designers, distributors and brand factories will be further bundled in depth, from the design solution to the material with orders, to achieve value co-creation and benefit sharing, greatly enhancing the conversion rate of traffic, reducing customer acquisition costs and constructing a sustainable and high quality high-end traffic ecosystem.

#### *1.4 Optimising the ecosystem of online and offline integration and operating omni-channel traffic flow*

The integration of online and offline is one of the main directions of the Company in recent years. Since the launch of its strategic cooperation with Alibaba in 2019, the Company has joined hands with Alibaba, the strategic investor to digitally upgrade its offline shopping malls, set up “Online Tongcheng Station” of Tmall, and constructed an omni-channel user operation system focusing on the user, so as to empower its offline distributors and help merchants effectively transfer online traffic to offline shopping malls for consumption.

During the year ended 31 December 2023, 295 core shopping malls of the Company realized digital upgrades. In addition to the digital upgrades of the field domain of shopping malls, the Company has successively completed the upgrades and innovation of commodity operation, user operation and content operation. In terms of content operation, the Company continued to build the “10,000 Top Shopping Guides Live Streaming” IP while exploring the construction of a second channel, TikTok, relying on the TikTok’s local living business model and sorting out and producing a TikTok operation plan. In addition to refined shop operations, we used content to attract users, recommended online and compared experiences offline to provide users with a one-stop consumption experience.

In terms of commodity operation, “Tmall Tongcheng Station” continued to focus on commodity operation, established an online hierarchical operation system for commodities, constructed a pyramid merchandise operation system by exploiting all the resources in the store, so as to create more than 100 top products with DAU $\geq$ 100, which empowered the operation of shopping malls in terms of traffic, customer resources and sales, and improved the overall efficiency of operation. In terms of content operation, for the “10,000 Top Shopping Guides Live Streaming” scheme, the head office transformed the complex professional content of live streaming into live streaming tutorials that were easier for shopping guides to learn and practice during the year ended 31 December 2023, and through the offline training of the National Operation and Development Office and a number of online training sessions, the scheme effectively radiated more than 10,000 times to staff and shopping guides, and drove more shopping malls to join live streaming business, increased enthusiasm for live broadcasting among merchants. The number of live broadcasts increased by 180% year-on-year, and the traffic increased by 234% year-on-year. In the future, the Company will continue to incubate and cultivate its live streaming capabilities, empower home furnishing industry practitioners with live streaming operation abilities, and promote the implementation of the “10,000 Top Shopping Guides Live Streaming 2.0”, i.e. superstar streamer scheme.

*(II) Marketing management: The Company continued to carry out innovative marketing activities to create marketing IP for the home furnishing industry*

In 2023, with the support of active consumption promotion measures and industrial policies, home furnishing consumption has become an important starting point for stable growth. The Company has continued to implement the category strategy to aim at brand upgrade and continue to carry out innovative marketing activities, so as to build marketing IP for the home furnishing industry.

Based on the core connotation of home culture, we continued to build “Loving Home Day”, the corporate culture IP during the year ended 31 December 2023. Combining traditional festivals and emerging popular festivals, we planned 7 hot-spot posters to arouse everyone’s deep feelings for traditional culture and family, while taking advantage of the situation to spread the brand’s mindset. Six national unified promotions were carried out, thus the marketing IPs in the home furnishing industry were successfully created: “315FUN Sihai Shopping Festival (315FUN 肆嗨購節)” and “818FUN Sihai Shopping Festival (818FUN 肆嗨購節)”. The 818 promotion launched the national “Super League” operating mechanism for the first time to stimulate momentum. In 2023, we carried out a number of activities to introduce key categories, including electrical appliances, customization, soft decoration, and imports. With the goal of increasing the Company’s category operation reputation, we continued to expand our industry influence according to different category positioning, and focused on creating the category mindset of choosing Red Star Macalline to buy high-end electrical appliances. We insisted on promoting business development and high-quality brand communication. Public relations activities have planned and launched five “industry conferences”, and nearly 20 communication projects for six key promotion conferences in collaboration, the green running strategic signing ceremony, China quality conference, sleep week, import appraisal month, Dunhuang research and study on sintered stones and other related activities.

In terms of content operation, we established connections with young users on mainstream traffic platforms. Focusing on new hot-selling brands, promotions and category marketing, 92 original videos were created to help business operations. We continuously operated the official we-media matrix, including WeChat, Weibo, TikTok, Video Accounts, Xiaohongshu and Bilibili, the reading quantity of which reached more than 110 million. We have more than 5 million fans. The spokesperson took part in publicity campaign in Beijing. The global online publicity quantity exceeded 1 billion. October 1st Promotion received warm response.

In terms of digital tools, we made the utmost of the marketing tool, enterprise WeChat and the gift online management tool. The number of enterprise WeChat friends increased by 12,000 per day, and increased by more than 4 million throughout the Year. We continuously improved and promoted the use of the gift online system in shopping malls across the country, which covered 264 shopping malls under normal operation. We enhanced the efficiency of gift distribution and compliance management to help promote the efficiency of planning expense

use, and achieve effective budget savings. Through integrated marketing, community operations, intelligent marketing and CRM digital systems, we carried out omni-channel traffic and user life-cycle operations, effectively reducing consumption and customer acquisition costs.

***(III) Operational management: improving the management of shopping malls, optimizing service experience and promoting the green and environmental management system***

The Company continuously promoted the upgrading of operation management with on-site management, risk management, commodity management, merchant management, service improvement and talent construction as the core, and advanced the green and environment-protection commercialization. Also, it continued to carry out customer evaluations, paid close attention to the feedback on customer experience, and improved customers' home furnishing consumption experience and satisfaction in an all-round way.

The Company deepened home services and integrated promotions and category activities to assist the operation of theme pavilions. In 2023, the Company launched the "315 Service Month", "Spring Renewal Service Month", "618 Cool Summer Service Season", and "818 Household Appliances Cleaning Season", "Gratitude and Giving Back Month" five home service themed activities. In 2023, more than 300 shopping malls across the country have served more than 400,000 households, with services covering 6 major product lines and more than 50 projects and with 100% customer satisfaction rate. We strengthened and upgraded the service-oriented membership system, and the number of membership service malls nationwide expanded from 75 to 96 in 2023, with customer satisfaction rate reaching 97%.

The Company established a merchant management system with credit classification as the core to empower merchant management in shopping malls across the country. We optimized and upgraded merchant credit management plans, continuously improved storefront design and publicity materials, and aim at "customers first" to integrate and display consumption tips, Green Pacemaker and other information to comprehensively enhance customer reach. By 2023, a total of 259 shopping malls have been upgraded, and the upgrade coverage ratio of shopping malls participating in the assessment across the country exceeded 88%. Merchants' credit was integrated online and offline, and the mall online ratio reached 100% in 2023.

We continued to promote the green and environmentally friendly commodities management system. There was no major green and environmentally friendly quality incident throughout the year. The annual qualification compliance ratio was 90%. A total of 2,580 batches participated in environmentally friendly quality testing, with the inspection pass ratio reaching 95.12%. The Company signed its third five-year strategic cooperation agreement with the China Quality Certification Center (CQC) and released an annual list of leading green and environmentally friendly home furnishing brands, adding 68 new furniture & home furnishing materials brands to the list. Through top industry summits including Home Expo and Construction Expo, we empowered Green Pacemaker brands and create a "Green Pacemaker Highlight Exhibition". The Company and FT Quality Data jointly held the 3rd Home Furnishing Quality Conference and launched the joint initiative of "Building Brands,

Renewing Consumption”. Meanwhile, 37 brands won the first “Mutual Recognition of Testing” Environmental Benchmark Awards of Green Pacemaker and FT Quality Awards. The Company adhered to the normalization of green and environmental protection publicity and enable environmental protection empower the brand at the terminal. The Company cooperated with 10 major green door and window brands to carry out “Green 0 Decibels” special seminar activities and organized shopping malls across the country to carry out the 6th “Green and Environmental Protection Week” special event to empower Green Pacemaker brands.

As at 31 December 2023, the net customer recommendation value was 68.1%, the overall service satisfaction rate was 95.96%, the service satisfaction rate was 96.3%, the delivery and installation satisfaction rate was 95.1%, the goods satisfaction rate was 94.5%, and the environmental satisfaction rate was 97.4%, all of which were better than the level of the same period in the industry.

### III. DEVELOPMENT PLANS FOR 2024 AND BEYOND

In 2024, the Company will continue to steadily advance its main and expanded businesses around “light-asset, operation-focused and leverage reduction” to consolidate Red Star Macalline’s leading position in the industry. Focusing on the three main businesses categories including furniture, home improvement materials and electrical appliances, we will actively cultivate, attract, stabilize and retain merchants, as well as expand new business forms and introduce new categories to cope with the changes in the transformation of real estate market from the rapid growth in the past to the stock era. The specific business plan is as follows:

#### 1. Deepening the operation of theme pavilions to comprehensively promote the growth and development of electrical appliance categories

The Company will continue to upgrade its mall operation capabilities, categories and brands, marketing, consumer services and reputation, and vigorously develop its three major stores: No. 1 Store, Supreme Mall and Benchmark Mall, to consolidate its market leadership.

The Company will continue to optimize the layout of home furnishing categories in shopping malls and create ten themed pavilions in depth. The Company will solve the problem of business atmosphere on the top and underground floors through building strong categories up or down the entire floor, and adopt higher pricing through cross-floor adjustments to narrow floor price differences, thereby increasing overall revenue and promoting healthy, sustainable and high growth in the rental structure of shopping malls.

The Company will continue to deepen the category mindset of “buying high-end electrical appliances from Red Star Macalline”, insist on high-end electrical appliance categories, and increase the proportion of electrical appliance categories to become the “No.1 category” based on operating area in the next two years.



## **2. Strengthening category expansion and promote expansion around “sticking to the main track, expanding into new categories, and entering new areas”**

While building a moat around the main categories and tracks, the Company will actively expand categories and create a one-stop consumption ecology for home furnishings that integrates multiple businesses.

The Company will enhance new energy vehicle companies' awareness of the Company's home furnishing store channels, promote cooperation and enrich the categories in shopping malls to further increase the occupancy rate of shopping malls. The Company will accelerate the implementation of the automobile intelligent ecological complex and build a new carrier for intelligent automobile marketing in home furnishing shopping malls, which will integrate trendy art space, high-quality smart home life experience and full-field automobile marketing scenarios to bring users a one-stop home life experience from home appliances, home furnishings and home decoration to cars in the form of a store-in-store. In addition, the Company will have in-depth cooperation with automobile OEMs across the country from brand entry to joint marketing, completing the entry of multiple brands including Tesla; strengthen the exploration and cooperation with leading car manufacturers to promote the entry of high-end used cars into shopping malls; and facilitate various types of cooperation in automobile services, automobile modification and new energy battery charging and replacing.

The Company will continue to promote the introduction of high-frequency consumption businesses in shopping malls, achieve full coverage of catering categories in “100 MALLS”, and improve quality and enrich brands to enhance consumers' shopping experience in shopping malls.

## **3. To create a recognizable home furnishing marketing IP and diversify marketing activities**

In terms of marketing activities, the Company will continue to promote the smooth implementation of the six-level nationwide unified promotions, and focus on the two 315 and 818 annual promotions to continuously operate the home furnishing marketing IP. The Company will further strengthen the reputation and influence of the urban distributor side and the general-to-general manufacturer side, enhance the awareness of consumers, and create the largest marketing IP in the industry. Meanwhile, the Company will continue to strengthen the market mind of each sub-category, expand the influence of B- and C-ends to promote the implementation of category marketing activities. In addition, the Company will continue to collaborate with brands in conducting joint communication and marketing activities, and strengthen the output of joint exclusive customized content for a single brand, strengthen the combination of product promotion through the continued creation of the “Super Music Festival” IP, and continue to operate in-depth jointly with the brand through the “Super City-wide Shopping” Project.

In terms of joint marketing, the Company will continue to fully integrate the marketing resources of distributors and brand factories to jointly dilute customer acquisition costs, guide and promote the establishment of the home furnishing industry chain ecosystem.

**4. To conduct marketing innovation and assist home furnishing brand manufacturers and distributors in expanding sales channels by the industry’s top summits**

The Company will continue to hold professional exhibitions, organize marketing activities, and leverage the foresight of the exhibition to gain insights into industry trends, help home furnishing brand manufacturers and distributors to expand sales channels and gain insights into market changes. The Company will deepen the three core categories of high-end customization, systematic doors and windows, and high-end material selection by Shanghai Building Expo, and further strengthen “China’s No.1 Exhibition for High-end Customization”; elaborate the three core subjects of design, upholstery, and woodworking machinery by Shanghai Home Expo, and focus on both internal and external sales, and continue to build “China’s No.1 Exhibition for Home Furnishing Commercial Design”; give full play to the resources and industry influence of chain exhibition platform and exhibition store linkage by Tianjin Home Expo, optimize the layout of the national furniture and building materials exhibition market with the Beijing-Tianjin-Hebei region as the base, and strive to build it into the “No. 1 exhibition of the Northern Home Furnishing Industry”; and build the top professional kitchen and bathroom exhibition in South China with Guangzhou Sanitary & Bathroom Expo.

**5. To deeply tap into the existing housing market and launch “trade-in” for home electrical appliances**

In response to the transformation of the real estate market from rapid growth in the past to the stock era, the Company has actively responded by introducing design centers, building home decoration capabilities, expanding new product categories, and other operational initiatives. With a perfect and high-quality network layout, the Company has seized the dividends of the existing housing era under the pressure of market changes.

The Company will continue to deeply tap into the existing housing market, respond to the national encouragement of “trade-in” for traditional consumer goods such as home appliances, and make use of the organization’s resources to carry out large-scale home appliance “trade-in” activities in 32 shopping malls among 15 cities. By strengthening the knowledge of the safe service life of home appliances and enhancing consumer awareness, the Company guides and promotes intelligent, green and environmentally friendly home appliances, and promotes the upgrading of home appliance consumption; and by strengthening the user experience through a perfect and sound service system and recycling system, the Company enhances the enthusiasm of consumers to participate in the “trade-in” program. Through the home appliance “trade-in” activity, the Company will not only strengthen the category mind of consumers to purchase high-end electrical appliances at Red Star Macalline, but also use the demand for trade-in as a touchpoint to obtain accurate in-store traffic for the shopping malls, and through the refinement of the operation, guide the correlation sales between home appliances and other categories.



**6. To operate home decoration business by different brands and layers, transform towards platformization, and promote the M+ High-end Design Center in an orderly manner**

The Company will continue to build its home decoration capabilities by differentiated business positioning and carry out operations based on brands and clusters of customers with a brand matrix targeting different consumer segments.

The Company will orderly promote the landing of M+ High-end Design Center in each shopping malls of Red Star Macalline, and use the designer studio as an important traffic entrance, linking the home decoration and home furnishing consumption demand of young people and high-end people, and gradually build up the home furnishing mind of Red Star Macalline. The Company will provide M+ High-end Design Center with a strong material library and field traffic through the synergistic operation of ten major category theme pavilions to help designers build a bridge of cooperation with all categories in the malls; empower M+ High-end Design Center with omni-channel traffic resources through the mall's internal property linkage, value-added membership services and other initiatives, and comprehensively enhance designers' ability to acquire customers from the market; continuously expand the social circle of designers through content-rich activities, such as aesthetics seminars, design festivals, master classes, and themed designer events in various cities, helping designers improve their business capabilities; designers settled in the M+ High-end Design Center in an all-round way, including designer content dissemination, case dissemination and high-end design activities, to enhance the influence of personal IP.

**7. To consolidate the main position of “Tmall Tongcheng Station” and focus on the operation and upgrading of the secondary position of TikTok**

The Company will continuously deepen its strategic cooperation with Alibaba, focus on the main position of “Tmall Tongcheng Station”, consolidate the product operation and content operation, and empower the front-line operation.

In terms of product operation, the Company will continue to focus on core product operation, create a core product pool, and help merchants to create a number of commodity pallets that consistently absorb high traffic and high customer sources. Through the going on line of the product aggregation model, the Company will collaborate with the operational resources of top upstream factories to achieve unified operation and traffic weighting of a nationwide inventory, improve the operational efficiency of urban distributors, and promote the formation of a group of competitive products nationwide.

In terms of content operation, the Company will continue to promote the “10,000 Top Shopping Guides Live Streaming” Project, which will continue to maintain the live-streaming scale of shipping guides in first-tier shopping malls, while improving their live-streaming quality and depth, strengthening training and guidance for the first-tier, enhancing the organizational live-streaming capabilities. Meanwhile, in combination with TikTok local life, the Company will further acquire traffic and customer funds through live-streaming to enhance conversion.

The Company will focus on operating and upgrading the second traffic position of TikTok, and on the basis of the “10,000 Top Shopping Guides Live Streaming” and TikTok local life business chain, comprehensively promote all shopping malls to jointly build a TikTok operation matrix. On the basis of creating short video, live streaming and TikTok account infrastructure, the Company will guide consumers to receive coupons online and underwrite them in stores offline through TikTok local life business, so as to obtain more accurate traffic and customer sources to the offline channel. The Company will also cooperate with online platforms such as Zhuxiaobang and Xiaohongshu to improve the integrated ecosystem of online and offline channels, and achieve holistic traffic attraction.

In addition, the Company will focus on building a user operation system, using digital mini program in shopping malls as a carrier, parking payment, code-scanning coupons, etc. as touchpoints to precipitate in-store user data, and at the same time, connecting with online platforms such as “Tmall Tongcheng Station” and TikTok to strengthen the user pool of Red Star Macalline, and perfecting the SCRM (Social Customer Relationship Management) system, so as to realize traffic distribution in shopping malls and increase the value of the platform.

#### **8. To optimize liabilities structure, reduce financing costs and continue to practice leverage reduction**

The Company will continue to reduce capital expenditure through asset-light expansion model. The Company will adjust and optimize the term structure of interest-bearing liabilities and financing channels to reduce financing costs and continue to practice the leverage reduction strategy.

### **IV. FINAL DIVIDEND DISTRIBUTION PLAN FOR 2023**

On the basis of the audited results for 2023, the Company recorded revenue of RMB11,514,982,938.87 and net profit attributable to shareholders of the Company of RMB-2,216,358,759.33 (losses are presented with “-”). Considering that since 2023, China’s economic development has been facing increasingly complex and volatile internal and external environments, with a slowdown in economic growth and increasing downward pressure and in view of the fact that the Company’s net profit attributable to shareholders of the Company for 2023 was negative and no profit has been realized, on the premise of ensuring the normal operation and long-term development of the Company, the Board, while taking into account the Company’s sustainable development plan, profitability, business plan and capital arrangement, and in accordance with the relevant laws and regulations and the Articles of Association of the Company, the proposed final dividend distribution of the Company for 2023 is that: there will be no cash dividend distribution and conversion of capital reserve into share capital for 2023.

**WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2023****I. MEETINGS OF THE SUPERVISORY COMMITTEE AND RELEVANT RESOLUTIONS**

The Supervisory Committee convened a total of 10 meetings in 2023, and details of the relevant meetings and the resolutions are as follows:

- (1) On 18 January 2023, the sixteenth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which, the Proposal on Waiver and Variation of the Undertakings of Intention to Hold Shares and Intention to Reduce Shareholding of the Controlling Shareholder and the De Facto Controller of the Company was considered and approved.
- (2) On 1 February 2023, the seventeenth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which, the Proposal on Change of Auditors and Disclosure of Financial Statements in the H-Share Market in accordance with IFRS was considered and approved.
- (3) On 3 March 2023, the eighteenth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which, the Resolution on the Use of Certain Idle Proceeds for Temporary Replenishment of Working Capital was considered and approved.
- (4) On 30 March 2023, the thirteenth meeting of the fourth session of the Supervisory Committee was convened, at which the Work Report of the Supervisory Committee of the Company for 2022, the Final Account Report of the Company for 2022, the Financial Budget Report of the Company for 2023, the Financial Statements of the Company for the Year Ended 31 December 2022, the Annual Report and Annual Results of the Company for the Year Ended 31 December 2022, the Profit Distribution Plan of the Company for 2022, the Corporate Environment and Social Responsibility Report of the Company for 2022, the Exclusive Report on the Depositary and Actual Use of Funds Raised by the Company in 2022, the Resolution on the Remuneration of Supervisors of the Company for 2022, the Resolution in respect of Re-Appointment of Auditor for the Financial Report and the Internal Control Auditor of the Company for 2023 and the Resolution in respect of the Provision of Asset Impairment Allowances for 2022 were considered and approved.
- (5) On 28 April 2023, the fourteenth meeting of the fourth session of the Supervisory Committee was convened, at which the First Quarterly Report of the Company for 2023 and the Proposal for Special Dividend of the Company were considered and approved.

- (6) On 26 July 2023, the nineteenth extraordinary meeting of the fourth session of the Supervisory Committee was convened, at which, the Proposal on Nominating Candidates for Independent Supervisors of the 5th session of the Supervisory Committee of the Company was considered and approved
- (7) On 15 August 2023, the first extraordinary meeting of the fifth session of the Supervisory Committee was convened, at which, the Proposal on Electing the Chairman of the 5th session of the Supervisory Committee of Red Star Mecalline Home Furnishing Group Co., Ltd. was considered and approved.
- (8) On 30 August 2023, the first meeting of the fifth session of the Supervisory Committee was convened, at which the Interim Financial Statements of the Company as of 30 June 2023, the Interim Report and Interim Results as of 30 June 2023 and the Exclusive Report on the Depository and Actual Use of Funds Raised by the Company in the First Half of 2023 and the Resolution in respect of the Provision of Asset Impairment Allowances in the First Half of 2023 were considered and approved.
- (9) On 19 October 2023, the second extraordinary meeting of the fifth session of the Supervisory Committee was convened, at which, the Proposal on Change of Auditors and the Resolution on the Use of Certain Idle Proceeds for Temporary Replenishment of Working Capital were considered and approved.
- (10) On 27 October 2023, the second meeting of the fifth session of the Supervisory Committee was convened, at which the Third Quarterly Report of the Company for 2023 and the Resolution in respect of the Provision of Asset Impairment Allowances in the third quarterly of 2023 were considered and approved.

## II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE REGARDING CERTAIN MATTER

- (1) Legal operations: During the year of 2023, members of the Supervisory Committee continued to supervise the Company's operations through attending Board meetings, reviewing exclusive reports, conducting onsite inspections and meetings with staff, conducting audit and specific survey. With reference to various regulations, the Supervisory Committee was of the opinion that the decision-making process of the Company was lawful, the internal control was effective, and the Directors and the senior management of the Company had diligently carried out their duties, and there was no behavior of violation of the laws, regulations, the Articles of Association, nor had they prejudiced the Company's and Shareholders' interests. The Supervisory Committee had reviewed the Company's internal control audit report from RSM China for the year 2023, and was of the view that the report reflected the actual situation of the Company's corporate governance and internal control, that the audit opinions were objective, and agreed to publish the relevant report.

- (2) Monitoring the Company's financial situation: During the year ended 31 December 2023, the Supervisory Committee diligently performed its duty of monitoring the Company's financial conditions, including monitoring the Company's operations and its risks and providing review opinions to each periodic report. The Supervisory Committee was of the opinion that the Company's financial report reflected a true and fair view on the Company's financial conditions and operating results.
- (3) Use of Proceeds

#### **Use of proceeds from the listing of 2018 initial public offering**

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

As of 31 December 2023, the Company cumulatively used 89% of proceeds from 2018 initial public offering of the A Share in the abovementioned fund-raising investment projects.

#### **Use of proceeds from the listing of 2021 non-public issuance**

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

During the year ended 31 December 2023, the Company cumulatively used 50% of the proceeds raised from the non-public issuance of shares in 2021 to invest in the above-mentioned fund-raising investment projects.

- (4) Stock incentive plan: During the year ended 31 December 2023, the Company did not carry out any stock incentive.
- (5) Major asset acquisitions and disposals: During the year ended 31 December 2023, the Company has not acquired or sold any significant assets.

(6) Provision of Asset Impairment of the Company:

During the year ended 31 December 2023, the Supervisory Committee conducts audits on provision of asset impairment of the Company, and believes that our provision of asset impairment allowances is in line with the Company's actual situation and relevant policy requirements. And the resolution process adopted by the Board of Director of the Company in terms of such matter meets relevant laws and regulations and the Articles of Association. Provision of asset impairment allowances would make the Company have more reliable and reasonable auditing information of assets value.

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

## FINAL ACCOUNT REPORT OF THE COMPANY FOR 2023

During the year ended 31 December 2023, the Company took the “building warm and harmonious homes and enhancing taste for consumption and home life” as its duty, followed the operation and management mode of “market-oriented and shopping-mall-based management”, provided consumers with better and more professional service, and strengthened the “Red Star Macalline” brand as the expert of home living in the minds of consumers. During the year ended 31 December 2023, the Company’s operating results declined in the short term, but the operation as a whole still achieved stable development, and its main businesses was in sound trend and the overall financial status was healthy. The final account report for 2023 was prepared especially for its main business-Portfolio Shopping Malls.

The Company’s Portfolio Shopping Malls in 2023 achieved a revenue of RM6,780.67 million, representing a decrease of RMB1,086.98 million or 13.8% as compared with that in 2022; and a gross profit of RMB4,799.04 million, representing a decrease of RMB933.67 million or 16.3% as compared with that in 2022.

*Unit: RMB’0,000*

<b>Portfolio Shopping Malls</b>	<b>2023</b>	<b>2022</b>	<b>Difference</b>	<b>Change percentage (%)</b>
Revenue	678,067	786,765	-108,698	-13.8
Cost of sales	198,163	213,494	-15,331	-7.2
<b>Gross profit</b>	<b>479,904</b>	<b>573,271</b>	<b>-93,367</b>	<b>-16.3</b>

In terms of type of business of Portfolio Shopping Malls, the owned Portfolio Shopping Malls achieved a revenue of RMB5,970.16 million, accounting for 88.0% of the revenue of Portfolio Shopping Malls, representing a decrease of RMB730.75 million or 10.9% as compared to that in 2022. The leased Portfolio Shopping Malls achieved a revenue of RMB810.51 million, accounting for 12.0% of the revenue of Portfolio Shopping Malls, representing a decrease of RMB356.23 million or 30.5% as compared to that in 2022.

*Unit: RMB’0,000*

<b>Portfolio Shopping Malls</b>	<b>2023</b>	<b>2022</b>	<b>Difference</b>	<b>Change percentage (%)</b>
Owned Portfolio Shopping Malls	597,016	670,091	-73,075	-10.9
Leased Portfolio Shopping Malls	81,051	116,674	-35,623	-30.5
<b>Total</b>	<b>678,067</b>	<b>786,765</b>	<b>-108,698</b>	<b>-13.8</b>



In terms of the regions of Portfolio Shopping Malls, in 2023, the revenue from Beijing was RMB778.36 million, representing a decrease of RMB48.24 million or 5.8% compared with 2022; the revenue from Shanghai was RMB1,603.65 million, representing a decrease of RMB75.21 million or 4.5% compared with 2022; the revenue from Tianjin was RMB200.94 million, representing an increase of RMB2.64 million or 1.3% compared with 2022; the revenue from Chongqing was RMB437.21 million, representing a decrease of RMB99.96 million or 18.6% compared with 2022; the revenue from Northeast China (Heilongjiang, Jilin and Liaoning) was RMB582.42 million, representing a decrease of RMB157.88 million or 21.3% compared with 2022; the revenue from North China (Hebei, Inner Mongolia, Shanxi, excluding Beijing and Tianjin) was RMB275.25 million, representing a decrease of RMB39.22 million or 12.5% compared with 2022; the revenue from East China (Anhui, Jiangsu, Shandong, Zhejiang, Fujian, excluding Shanghai) was RMB1,754.49 million, representing a decrease of RMB348.36 million or 16.6% compared with 2022; the revenue from Central China (Henan, Hubei and Hunan) was RMB555.18 million, representing a decrease of RMB192.96 million or 25.8% compared with 2022; the revenue from South China (Guangdong and Guangxi) was RMB118.13 million, representing a decrease of RMB46.32 million or 28.2% compared with 2022; the revenue from Western China (Gansu, Sichuan, Yunnan, Qinghai, Xinjiang, excluding Chongqing) was RMB475.04 million, representing a decrease of RMB81.47 million or 14.6% compared with 2022.

Regions	2023	2022	Difference	<i>Unit: RMB'0,000</i>
				<b>Change percentage (%)</b>
Beijing	77,836	82,660	-4,824	-5.8
Shanghai	160,365	167,886	-7,521	-4.5
Tianjin	20,094	19,830	264	1.3
Chongqing	43,721	53,717	-9,996	-18.6
Northeast China	58,242	74,030	-15,788	-21.3
North China (excluding Beijing, Tianjin)	27,525	31,447	-3,922	-12.5
East China (excluding Shanghai)	175,449	210,285	-34,836	-16.6
Central China	55,518	74,814	-19,296	-25.8
South China	11,813	16,445	-4,632	-28.2
Western China (excluding Chongqing)	47,504	55,651	-8,147	-14.6
<b>Total</b>	<b>678,067</b>	<b>786,765</b>	<b>-108,698</b>	<b>-13.8</b>

The abovementioned resolution has been considered and approved by the Board and is hereby proposed at the 2023 AGM for Shareholders' consideration and approval.



**FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2024**

Based on the operating results for 2023, combined with the national and regional macroeconomic policies, the Company will continue to strengthen its internal refined management. We prepared the financial budget for 2024 especially for the main business of the Company-Portfolio Shopping Malls to ensure that the Company can achieve its strategies and operating development goals.

**I. BASIC ASSUMPTIONS OF BUDGET PREPARATION**

1. There are no significant changes in the existing national and local laws, regulations and economic policies followed by the Company.
2. There is no major change in the socio-economic environment of the countries or regions involved in the operation of Portfolio Shopping Malls of the Company, and there is no abnormal change in the industry situation and market conditions.
3. There are no significant changes in country's existing bank loan interest rates and inflation rates.
4. There are no major changes in tax policy and related tax incentives followed by the Company.
5. The business plans, marketing plans and investment plans of Portfolio Shopping Malls of the Company are smoothly implemented without being affected by government's actions. There are no difficulties in the implementation of various plans which are due to insufficient funding sources, market demand, or changes in the prices of supply and demand, etc.
6. The acquisition of resources required by Portfolio Shopping Malls of the Company are successfully completed as planned. All business contracts are successfully concluded and there are no major controversies or disputes between the Company and its contracting parties. The Company does not need to make significant adjustment on its operating policies.
7. There are no other major adverse effects caused by unforeseen and irresistible factors.

## APPENDIX V FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2024

### II. FINANCIAL BUDGET DETAILS

The Company's Portfolio Shopping Malls in 2024 is expected to achieve a revenue of RMB6,805.31 million, representing an increase of RMB24.64 million or 0.4% as compared with that in 2023, and a gross profit of RMB4,824.97 million, representing an increase of RMB25.93 million or 0.5% from 2023.

*Unit: RMB'0,000*

<b>Portfolio Shopping Malls</b>	<b>Budget amount for 2024</b>	<b>Final account amount for 2023</b>	<b>Difference</b>	<b>Change percentage (%)</b>
Revenue	680,531	678,067	2,464	0.4
Cost of sales	198,035	198,163	-128	-0.1
<b>Gross profit</b>	<b>482,497</b>	<b>479,904</b>	<b>2,593</b>	<b>0.5</b>

In terms of type of business of Portfolio Shopping Malls, the owned Portfolio Shopping Malls is expected to achieve a revenue of RMB6,022.70 million, accounting for 88.5% of the total revenue of Portfolio Shopping Malls. The leased Portfolio Shopping Malls is expected to achieve a revenue of RMB782.61 million, accounting for 11.5% of the total revenue of Portfolio Shopping Malls.

*Unit: RMB'0,000*

<b>Portfolio Shopping Malls</b>	<b>Budget amount for 2024</b>	<b>Final account amount for 2023</b>	<b>Difference</b>	<b>Change percentage (%)</b>
Owned Portfolio Shopping Malls	602,270	597,016	5,254	0.9
Leased Portfolio Shopping Malls	78,261	81,051	-2,790	-3.4
<b>Total</b>	<b>680,531</b>	<b>678,067</b>	<b>2,464</b>	<b>0.4</b>

In terms of the regions of Portfolio Shopping Malls, in 2024, the revenue from Beijing reached RMB778.63 million, representing an increase of RMB0.27 million and basically unchanged as compared with that in 2023; the revenue from Shanghai reached RMB1,614.50 million, representing an increase of RMB10.85 million or 0.7% as compared with that in 2023; the revenue from Tianjin reached RMB205.53 million, representing an increase of RMB4.59 million or 2.3% as compared with that in 2023; the revenue from Chongqing reached

## APPENDIX V FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2024

RMB444.99 million, representing an increase of RMB7.78 million or 1.8% as compared with that in 2023; the revenue from Northeast China (Heilongjiang, Jilin and Liaoning) reached RMB584.79 million, representing an increase of RMB2.37 million or 0.4% as compared with that in 2023; the revenue from North China (Hebei, Inner Mongolia, Shanxi, excluding Beijing and Tianjin) reached RMB269.32 million, representing a decrease of RMB5.93 million or 2.2% as compared with that in 2023; the revenue from East China (Anhui, Jiangsu, Shandong, Zhejiang and Fujian, excluding Shanghai) reached RMB1,754.81 million, representing an increase of RMB0.32 million and basically unchanged as compared with that in 2023; the revenue from Central China (Henan, Hubei and Hunan) reached RMB561.43 million, representing an increase of RMB6.25 million or 1.1% as compared with that in 2023; the revenue from South China (Guangdong and Guangxi) reached RMB111.49 million, representing a decrease of RMB6.64 million or 5.6% as compared with that in 2023; the revenue from Western China (Gansu, Sichuan, Yunnan and Qinghai, excluding Chongqing) reached RMB479.82 million, representing an increase of RMB4.78 million or 1.0% as compared with that in 2023.

*Unit: RMB'0,000*

Regions	Budget amount for 2024	Final account amount for 2023	Difference	Change percentage (%)
Beijing	77,863	77,836	27	0.0
Shanghai	161,450	160,365	1,085	0.7
Tianjin	20,553	20,094	459	2.3
Chongqing	44,499	43,721	778	1.8
Northeast China	58,479	58,242	237	0.4
North China (excluding Beijing, Tianjin)	26,932	27,525	-593	-2.2
East China (excluding Shanghai)	175,481	175,449	32	0.0
Central China	56,143	55,518	625	1.1
South China	11,149	11,813	-664	-5.6
Western China (Excluding Chongqing)	47,982	47,504	478	1.0
<b>Total</b>	<b>680,531</b>	<b>678,067</b>	<b>2,464</b>	<b>0.4</b>

**III. RISK WARNING**

The above forward-looking statements and indicators relating to the 2024 annual financial budget do not constitute substantial corporate commitments to investors, and do not represent the Company's profit forecast for 2024, and the realization of which is subject to the impact of various factors such as macroeconomic environment, market demands and industry competitions. As the various factors affecting the operating efficiency of the Company are constantly changing, the year-end financial results may differ from this financial budget.

The abovementioned resolution has been considered and approved by the Board and is hereby proposed at the 2023 AGM for Shareholders' consideration and approval.

**APPENDIX VI      RESOLUTION CONCERNING THE CONCLUSION, EXTENSION,  
SUSPENSION AND TERMINATION OF INVESTMENT PROJECTS  
WITH PARTIAL PROCEEDS OF THE COMPANY'S A SHARES**

**CHANGES OF USE OF PROCEEDS**

Reference is made to the announcement dated 1 April 2024, taking into account its own operating conditions, the Company's strategic planning and the efficiency of the use of proceeds, and other factors, the Company is proposed to conclude, extend, suspend and terminate certain fund-raising projects involving the initial public offering of A Shares and non-public issuance of A Shares based on their actual situation, and to apply the unutilised proceeds from the concluded and terminated projects to permanently replenish the Company's working capital.

The details of the fund-raising investment projects before and after such changes are as follows:

**1. CHANGES OF USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF A SHARES**

*Unit: RMB0'000*

<b>Proposed investment projects</b>		<b>Total planned investment</b>	<b>This change in amounts</b>	<b>Total planned investment after this change</b>
Home furnishing shopping mall construction project	Tianjin Beichen Shopping Mall Project	24,513.7	–	24,513.7
	Hohhot Yuquan Shopping Mall Project	7,682.5	–	7,682.5
	Dongguan Wanjiang Shopping Mall Project	16,414.5	–	16,414.5
	Harbin Songbei Shopping Mall Project	29,480.9	–	29,480.9
	Urumqi Convention and Exhibition Mall Project	66,908.4	-235.1	66,673.30 <sup>(1)</sup>
	Changsha Jinxia Shopping Mall Project	19,000.0	-2,681.91	16,318.09
	Xining Expo Shopping Mall Project	11,000.0	–	11,000.0
	Sub-total	175,000.0	-2,917.01	172,082.99
New Intelligent Home Furnishing Shopping Mall Project		40,000.0	-27,997.36	12,002.64

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<b>Proposed investment projects</b>	<b>Total planned investment</b>	<b>This change in amounts</b>	<b>Total planned investment after this change</b>
Repayment of bank loans	40,000.0	–	40,000.0
Supplement of liquidity	15,000.8	–	15,000.8
Repayment of interest-bearing debts	35,000.0	–	35,000.0
<b>Total</b>	<b>305,000.8</b>	<b>–</b>	<b>274,086.43</b>

*Note:*

- (1) The construction of the Urumqi Convention and Exhibition Mall Project has been completed and the Urumqi Convention and Exhibition Mall has opened for business. The remaining proceeds from the Urumqi Convention and Exhibition Mall Project will be used to permanently replenish the Company's working capital pursuant to the "Shanghai Stock Exchange Stock Listing Rules (revised in August 2023)" and "Shanghai Stock Exchange Self-Discipline Supervision Guidelines for Listed Companies No. 1 – Standardized Operation (Revised in December 2023)" and other laws, regulations and normative documents.

**2. CHANGES OF USE OF PROCEEDS FROM THE NON-PUBLIC ISSUANCE OF A SHARES**

*Unit: RMB0'000*

<b>Proposed investment projects</b>	<b>Total investment planned</b>	<b>This change in amounts</b>	<b>Total investment planned after this change</b>
Tmall "Home Decoration Tongcheng Station" Project	22,000.0	-22,000.00	0
3D Shejiyun Platform Construction Project	28,394.47	-27,694.86	699.61

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<b>Proposed investment projects</b>		<b>Total investment planned</b>	<b>This change in amounts</b>	<b>Total investment planned after this change</b>
Construction Project for New Generation Home Improvement Platform System		35,000.0	-34,841.84	158.16
Home Furnishing Shopping Mall Construction Project	Foshan Lecong Shopping Mall Project <sup>(1)</sup>	100,000.0	–	100,000.0
	Nanning Dingqiu Shopping Mall Project <sup>(2)</sup>	56,000.0	–	56,000.0
	Nanchang Chaoyang Xincheng Shopping Mall Project	16,091.0	–	16,091.0
	Sub-total	172,091.0	–	172,091.0
Repayment of interest-bearing debts		110,350.91	–	110,350.91
<b>Total</b>		<b>367,836.38</b>	<b>–</b>	<b>283,299.68</b>

*Notes:*

- (1) Due to the relatively early stage of the construction of the “Foshan Lecong Shopping Mall Project”, the Company is proposed to discontinue (suspend) the construction of the “Foshan Lecong Shopping Mall Project”, taking into account the fact that the Company completed the change of control and management in 2023, and coupled with that adjustments to the Company’s strategic plan for its existing operations are still subject to uncertainty.
- (2) After comprehensively taking into account the progress of the construction of the fund-raising investment projects, the Company’s short – and medium-term arrangements for the construction and opening of the shopping malls and the Company’s capital position and other factors, and given that the “Nanning Dingqiu Shopping Mall Project” has been constructed up to the portions above ground, the Company is proposed to appropriately extend the construction period of the project, extending the construction completion date for the project to reach its intended ready-for-use state to December 2026.

## **REASONS FOR CHANGE OF USE OF PROCEEDS**

### **1. Conclusion of Changsha Jinxia Shopping Mall Project**

The Company's "Changsha Jinxia Shopping Mall Project" had been completed the construction of the home shopping mall and obtained the certificate of acceptance of completion of the construction site and planning in July 2020, and was originally planned to reach the intended ready-for-use condition and conclude such project after the shopping mall was opened. However, as a result of the slow progress of the development of the surrounding area of Jinxia commercial district in the early stage, it is reported that Changsha Kaifu District is actively promoting the development and construction of Jinxia New Town and preparing the relevant development strategic plan. Considering the investment promotion and operation effect of the shopping mall, the Company does not intend to commence the investment promotion of Changsha Jinxia Shopping Mall until the surrounding ancillary plans are implemented and will promote the opening of the shopping mall after the investment promotion is completed. As the construction of Changsha Jinxia Shopping Mall has been completed, the demand for construction and investment with the proceeds raised has been basically satisfied, and it is needed to commence the investment promotion and promote the opening of the shopping mall after the neighbouring ancillary plans are implemented in the future. In order to improve the efficiency of the Company's capital utilisation, the Company is proposed to conclude the fund-raising project; if there is any further demand for capital utilisation for the project in the future, the Company will invest in it with its internal funds.

### **2. Discontinuing (suspension) of Fosha Lecong Shopping Mall Project and Extension of Nanning Dingqiu Shopping Mall Project**

The Company's "Foshan Lecong Shopping Mall Project" and "Nanning Dingqiu Shopping Mall Project" were originally planned to reach the intended ready-for-use state by the end of December 2024, but due to the impact of public health events, macroeconomic fluctuations and other factors during the construction period, its construction progress has been slowed down, and the Company expects that the construction of such shopping malls and their opening and investment promotion may not be able to achieve the expected profitability results in the short term, therefore, based on the consideration of the overall efficiency of the use of proceeds, the Company had slowed down the pace of the construction of and capital investment in such projects, which resulted in the postponement of the progress of the investment in such projects. After comprehensively taking into account the progress of the construction of the fund-raising investment projects, the Company's short- and medium- term arrangements for the construction and opening of the shopping malls and the Company's capital position and other factors, the Company is proposed to adjust the construction period of certain fund-raising projects. Specifically, given that the "Nanning Dingqiu Shopping Mall Project" has been constructed up to the portions above ground, the Company is proposed to appropriately extend the construction period of the project, extending the construction completion date for the project to reach its intended ready-for-use state to December 2026; Due to the relatively early



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stage of the construction of the “Foshan Lecong Shopping Mall Project”, the Company is proposed to discontinue (suspend) the construction of the “Foshan Lecong Shopping Mall Project”, taking into account the fact that the Company completed the change of control and management in 2023, and the adjustments to the Company’s strategic plan made by the Company’s management considering the existing operations of the Company. And the Company will continue to further discuss the adjustment of the project after construction to optimize the implementation efficiency of the project, and will fulfil the necessary approval and decision-making procedures and make timely information disclosure upon completion of the feasibility study.

**3. Termination of “New Intelligent Home Furnishing Shopping Mall Project”, “Tmall “Home Decoration Tongcheng Station” Project”, “3D Shejiyun Platform Construction Project” and “Construction Project for New Generation Home Improvement Platform System”**

Due to the continuous iteration of new retail and online development trends in the home improvement and furniture industry, combined with the impact of public health events on residents’ consumption experience and consumption habits, fluctuations in the macroeconomic environment and adjustments to related industrial policies, as well as unsatisfactory performance of related new retail businesses in early operations and pilots, the Company has continued to discuss and research the direction and progress of its new retail strategy since 2022. Based on the perspective of improving the efficiency of the use of raised proceeds, the Company has internally slowed down the use of raised proceeds in fund-raising investment projects including the “New Intelligent Home Furnishing Shopping Mall Project”, “Tmall “Home Decoration Tongcheng Station” Project”, “3D Shejiyun Platform Construction Project” and “Construction Project for New Generation Home Improvement Platform System”, and continued to discuss the implementation of related projects.

Based on the Company’s capital condition and the consideration of enhancing its ability to resist risks in the current macroeconomic fluctuation environment, the Company has re-planned and discussed the Company’s future development strategy and capital investment plan after the change of controlling shareholder and actual controller, focused on analysing matters that require the Company’s capital investment and planned to control and reduce relevant capital investment.

In May 2019, the Company entered into a strategic cooperation agreement with Alibaba and officially launched online and offline integrated operations on Double Eleven that year. In order to further deepen the cooperation, the Company’s business boundaries have been expanded through the digital upgrading and online branding of shopping malls, so that the Company’s business expansion is no longer limited by the space of traditional offline business premises, further promoting online and offline business through online customer attraction. The Company has established the “Tmall “Home Decoration Tongcheng Station” Project” and originally planned to use the proceeds raised from non-public issuance in 2020 to purchase the

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store digital equipment and Tongcheng Station live broadcast equipment required for the project. During the actual implementation of the project, the Company continued to invest its internal resources in the “Tmall “Home Decoration Tongcheng Station” Project”, including personnel expenses and daily operating expenses. In order to improve the efficiency of capital use, the Company has rented relevant equipment at a lower cost to carry out project construction. Since the equipment leasing costs were different from the original plan for the use of raised proceeds, the Company used its own working capital to carry out relevant project construction. As of 31 December 2023, Tmall Tongcheng Station have been launched in a total of 73 shopping malls in 32 cities, with the online traffic scale exceeding 100 million throughout the year. In the future, the Company will continue to invest its internal resources in the construction of Tmall Tongcheng Station and continue to deepen the online and offline integrated operation strategy. However, based on the current capital situation of the Company and with a view to improving the efficiency of capital use, the Company intends to continue to invest such capital in the form of non-capital expenditures in a short term.

In view of the foregoing, taking into account the industry development and iterations, the Company’s development strategy discussion, the Company’s financial condition and other factors, the Company intended to terminate the “New Intelligent Home Furnishing Shopping Mall Project”, “Tmall “Home Decoration Tongcheng Station” Project”, “3D Shejiyun Platform Construction Project” and “Construction Project for New Generation Home Improvement Platform System”, and use the remaining raised proceeds to permanently replenish working capital.

**FUTURE PLANS FOR UTILIZATION OF THE REMAINING PROCEEDS**

In order to improve the usage efficiency and enhance the Company’s operating efficiency, in line with the principle of maximizing shareholders’ interests, in accordance with the “Shanghai Stock Exchange Stock Listing Rules (revised in August 2023)” and “Shanghai Stock Exchange Self-Discipline Supervision Guidelines for Listed Companies No. 1 – Standardized Operation (Revised in December 2023)” and other laws, regulations and normative documents, together with the Company’s own development plan and actual business operation needs, the Company plans to terminate the New Intelligent Home Furnishing Shopping Mall Project, Tmall “Home Decoration Tongcheng Station” Project, “3D Shejiyun Platform Construction Project” and the Construction Project for New Generation Home Improvement Platform System, and the remaining proceeds will be permanently replenish work capital to satisfied the funds required for the Company’s main business operation and alleviate development pressure, reduce the Company’s financial risks, promote the long-term stability of the Company’s business, and protect the interests of the Company and small and medium shareholders (the actual amount shall be subject to the balance of the account for the proceeds on the day when such funds are transferred out).

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WITH PARTIAL PROCEEDS OF THE COMPANY'S A SHARES**

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Subject to the approval of the Company at the shareholders' general meeting, the Company will retain special accounts for the proceeds until all the outstanding payment have been made. The difference between the savings from interest income and the difference in fees resulting from the subsequent reintroduction of this part of the funds will also be used to replenish the working capital on a permanent basis. Upon the transfer of the balance of the proceeds in special account to the permanently replenish work capital, the Company will cancel the special account of the proceeds accordingly and the custodian agreement entered into with the sponsor and the depositary bank for the special account of the proceeds shall be terminated accordingly.

**IMPACT OF CHANGE OF USE OF PROCEEDS**

The change of use of proceeds is a decision made by the Company based on the current objective condition and will not have a significant adverse impact on the Company's normal operations. After the termination of the fund-raising investment projects, the remaining proceeds will be applied to permanently replenish its working capital, which can effectively reduce business risks and financial expenses, increase the Company's profit, provide sufficient proceeds for the development of the Company's daily business, and is more beneficial to the development of the Company's future business. In the future, the Company will use working capital based on its development plan and actual operating needs and in line with the principle of maximizing shareholders' interests to reward investors with better performance.

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## NOTICE OF THE 2023 AGM

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

*(A sino-foreign joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1528)**

#### **NOTICE OF THE 2023 AGM**

**NOTICE IS HEREBY GIVEN** that the 2023 annual general meeting (the “**AGM**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) will be held at 10:00 a.m. on Thursday, 23 May 2024 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarters, Lane 1466, Shenchang Road, Minhang District, Shanghai, the People's Republic of China (the “**PRC**”) for the purpose of considering, and if thought fit, passing the following resolutions:

#### **ORDINARY RESOLUTIONS**

To consider and approve:

1. The work report of the Board of the Company for 2023;
2. The work report of the Supervisory Committee of the Company for 2023;
3. The final account report of the Company for 2023;
4. The financial budget report of the Company for 2024;
5. The annual report and annual results of the Company for the year ended 31 December 2023;
6. The profit distribution plan of the Company for 2023;
7. The resolution concerning the remuneration of Directors of the Company for 2023;
8. The resolution concerning the remuneration of Supervisors of the Company for 2023;
9. The resolution concerning the re-appointment of the auditor of the Company for the financial report and the internal control auditor of the Company for the year 2024;
10. The resolution concerning the conclusion, extension, suspension and termination of investment projects with partial proceeds of the Company's A shares.

By order of the Board  
**Red Star Macalline Group Corporation Ltd.**  
**QIU Zhe**  
*Secretary of the Board and Joint Company Secretary*

Shanghai, the PRC  
29 April 2024

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## NOTICE OF THE 2023 AGM

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*Notes:*

1. Unless the context otherwise stated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 29 April 2024.
2. For the purpose of holding the AGM, the register of members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024 (both dates inclusive), during which period no transfer of shares can be registered. In order for H share shareholders to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 17 May 2024 for registration. The shareholders whose names appear on the register of members of the Company on Monday, 20 May 2024 are entitled to attend and vote at the AGM.
3. Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a shareholder of the Company.
4. The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorized to sign the same on its behalf.
5. In order to be valid, the proxy form must be deposited, for H share shareholders of the Company, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the AGM. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the AGM or any adjourned meetings should they so wish.
6. Shareholders shall produce their identity documents and supporting documents in respect of the shares of the Company held when attending the AGM. If corporate shareholders appoint authorized representative to attend the AGM, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorized parties of the corporate shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the shareholders or their attorney when attending the AGM.
7. The AGM is expected to take for less than half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
8. All voting at the AGM will be conducted by poll.
9. Conference contact information

Contact address: Board Secretariat, 4th Floor, South Building, Building A, Red Star Macalline Headquarters,  
No. 5, Lane 1466, Shenchang Road, Minhang District, Shanghai  
Postal code: 201106  
Contact person: Qiu Zhe, Li Duo  
Tel: (8621) 52820220  
Fax: (8621) 52820272