
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**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 2024
WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY FOR 2024
FINAL ACCOUNT REPORT OF THE COMPANY FOR 2024
FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2025
ANNUAL REPORT AND ANNUAL RESULTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2024
PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2024
RESOLUTION CONCERNING THE REMUNERATION OF DIRECTORS OF THE COMPANY FOR 2024
RESOLUTION CONCERNING THE REMUNERATION OF SUPERVISORS OF THE COMPANY FOR 2024
RESOLUTION CONCERNING THE RE-APPOINTMENT OF THE AUDITOR FOR THE FINANCIAL REPORT
AND THE INTERNAL CONTROL AUDITOR OF THE COMPANY FOR THE YEAR 2025
AND
NOTICE OF THE 2024 AGM

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

A notice convening the 2024 AGM of the Company to be held at 10:30 a.m. on Friday, 23 May 2025 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarter, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC will be published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.chinaredstar.com) together with this circular.

Shareholders who intend to appoint a proxy to attend the 2024 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, only the holder whose name stands first in the register of members of the Company shall alone be entitled to vote at the 2024 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 authority 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 2024 AGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2024 AGM or any adjournment thereof should you so wish.

29 April 2025

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
1. INTRODUCTION	3
2. MATTERS TO BE CONSIDERED AT THE 2024 AGM	4
3. THE 2024 AGM	4
4. RECOMMENDATION	5
5. RESPONSIBILITY STATEMENT	5
APPENDIX I – MATTERS TO BE CONSIDERED AT THE 2024 AGM ..	6
APPENDIX II – WORK REPORT OF THE BOARD FOR 2024	12
APPENDIX III – WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2024	22
APPENDIX IV – FINAL ACCOUNT REPORT OF THE COMPANY FOR 2024	26
APPENDIX V – FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2025	28
NOTICE OF THE 2024 AGM	32

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

DEFINITIONS

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)
“2024 AGM” or “2024 Annual General Meeting”	the 2024 annual general meeting to be convened and held on Friday, 23 May 2025
“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” or “Red Star Macalline”	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
“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

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	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

LETTER FROM THE BOARD



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. LI Yupeng (*Chairman*)
Mr. CHE Jianxing
Mr. SHI Yaofeng
Mr. YANG Yingwu

Non-executive Directors:

Mr. ZHENG Yongda
Mr. ZOU Shaorong
Mr. LI Jianhong
Mr. SONG Guangbin
Ms. XU Di

Independent Non-executive Directors:

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

Registered office in the PRC:

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

*Principal place of business
in Hong Kong:*

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

29 April 2025

To the Shareholders

Dear Sir or Madam,

WORK REPORT OF THE BOARD OF THE COMPANY FOR 2024
WORK REPORT OF THE SUPERVISORY COMMITTEE OF THE COMPANY FOR 2024
FINAL ACCOUNT REPORT OF THE COMPANY FOR 2024
FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2025
ANNUAL REPORT AND ANNUAL RESULTS OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2024
PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2024
RESOLUTION CONCERNING THE REMUNERATION OF DIRECTORS OF THE COMPANY FOR 2024
RESOLUTION CONCERNING THE REMUNERATION OF SUPERVISORS OF THE COMPANY FOR 2024
RESOLUTION CONCERNING THE RE-APPOINTMENT OF THE AUDITOR FOR THE FINANCIAL REPORT
AND THE INTERNAL CONTROL AUDITOR OF THE COMPANY FOR THE YEAR 2025
AND
NOTICE OF THE 2024 AGM

1. INTRODUCTION

The purpose of this circular is to provide you with the notice of the 2024 AGM and information on certain resolutions to be proposed and considered at the 2024 AGM so that you are able to make an informed decision on whether to vote for or against those resolutions at the 2024 AGM.

LETTER FROM THE BOARD

2. MATTERS TO BE CONSIDERED AT THE 2024 AGM

Ordinary resolutions to be proposed at the 2024 AGM for the Shareholders to consider and approve include: (a) the work report of the Board of the Company for 2024; (b) the work report of the Supervisory Committee of the Company for 2024; (c) the final account report of the Company for 2024; (d) the financial budget report of the Company for 2025; (e) the annual report and annual results of the Company for the year ended 31 December 2024; (f) the profit distribution plan of the Company for 2024; (g) the resolution concerning the remuneration of Directors of the Company for 2024; (h) the resolution concerning the remuneration of Supervisors of the Company for 2024; and (i) the resolution concerning the re-appointment of the auditor for the financial report and the internal control auditor of the Company for the year 2025.

Details of the matters to be considered at the 2024 AGM are set out on pages 32 to 33 in this circular. In order to enable you to have a better understanding of the resolutions to be proposed at the 2024 AGM and to make well-informed decisions, the Company has provided detailed information in this circular, including matters to be considered at the 2024 AGM (see Appendix I), the work report of the Board for 2024 (see Appendix II), the work report of the Supervisory Committee for 2024 (see Appendix III), the final account report of the Company for 2024 (see Appendix IV), and the financial budget report of the Company for 2025 (see Appendix V).

3. THE 2024 AGM

A notice convening the 2024 AGM of the Company to be held at 10:30 a.m. on Friday, 23 May 2025 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarter, Lane 1466, Shenchang Road, Minhang District, Shanghai, the PRC, is set out on pages 32 to 33 in this circular.

The proxy form for the 2024 AGM is also enclosed herein and published on the website of the Hong Kong Stock Exchange (www.hkexnews.com.hk) and the Company (www.chinaredstar.com). The Shareholders who intend to appoint (a) proxy/proxies to attend the 2024 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 2024 AGM in order for such documents to be valid.

LETTER FROM THE BOARD

Pursuant to the Articles of Association, for the purpose of holding the 2024 AGM, the register of members of H Shares will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025 (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 Tuesday, 20 May 2025 are entitled to attend and vote at the 2024 AGM. For information about A Share Shareholders' attendance at the 2024 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 2024 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 Monday, 19 May 2025.

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 2024 AGM will be voted by poll.

4. RECOMMENDATION

The Directors consider that all resolutions set out in the notice of the 2024 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 2024 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 2024

The work report of the Board of the Company for 2024 has been considered and approved by the Board and is hereby proposed at the 2024 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 2024

The work report of the Supervisory Committee of the Company for 2024 has been considered and approved by the Supervisory Committee and is hereby proposed at the 2024 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 2024

The final account report of the Company for 2024 has been considered and approved by the Board and is hereby proposed at the 2024 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 2025

The financial budget report of the Company for 2025 has been considered and approved by the Board and is hereby proposed at the 2024 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 2024

The Board will submit the 2024 Annual Report and Summary of the Company (A Shares), the Annual Results for the year ended 31 December 2024 of the Company and the Annual Report for the year ended 31 December 2024 of the Company (H Shares) to the 2024 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 2024 AGM for Shareholders' consideration and approval.

F. TO CONSIDER AND APPROVE THE PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR 2024**I. The profit distribution plan of the Company for 2024 is as follows:**

1. The accumulated undistributed profits of the parent company at the beginning of 2024 were RMB7,099,000,910.62, minus the net loss of RMB901,586,355.92 realized by the parent company in 2024, plus the undistributed profits of RMB132,435,006.36 carried forward due to the sale of other equity instruments in the year of 2024. 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 2024, the parent company's distributable profits are RMB6,329,849,561.06.
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 2024 as follows: there will be no cash dividend distribution in 2024, and no capital reserve will be converted into share capital.

II. Explanation of no profit distribution in 2024

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 the “Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of 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.

In recent years, China's macroeconomic growth has continued to show a slowdown trend. In the meantime, the real estate industry, as a basic industry under continuous regulation and control in China, is closely related to the country's macroeconomic development and exhibits strong cyclical characteristics. The slowdown in macroeconomic growth and the adverse

changes caused by cyclical fluctuations in the real estate industry may weaken the demand in the home improvement and furniture retail industries, which will have a certain negative impact on the Company's operating results.

(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, Managed Shopping Malls and franchised home improvement material projects enable effective market penetration in lower-tier cities market with low-input. 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 2024, the Company achieved operating income of RMB7,821,265,939.71, and the net loss attributable to owners of the Company of RMB2,983,497,056.49. In 2025, the Company will further advance the implementation of our "3+ Star Ecosystem" strategy, breaking down the boundaries between home appliances, home furnishings, and home decoration. While reinforcing the moat of our main track, home furnishings, we will aggressively expand new product categories and business formats to create an "Home Consumption Ecosystem Hub", thereby consolidating Red Star Macalline's industry leading position. Therefore, the Company's business development in 2025 requires strong financial support.

(4) Reasons for no profit distribution by the Company

Considering that since 2024, 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 2024 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 2024 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 undistributed earnings and expected income

The Company's retained undistributed earnings mainly guarantee the normal operation of production and operations. In 2025, the Company will continue to transform into "asset-light and operation-heavy", strengthen its market leading position in first-tier and second-tier cities with Portfolio Shopping Malls, and the Company expanded its penetration and optimized its network of shopping malls in the third-tier cities and other cities through the asset-light management and franchise business model. As the largest operator of home improvement and furniture shopping malls in China, the Company will deepen the R&D of digital tools to enhance its digital marketing capabilities, so as to further empower brands and merchants, strengthen their stickiness to the Company. The Company will rationally plan and arrange capital investment, optimize the debt structure and reduce financing costs 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.

G. TO CONSIDER AND APPROVE THE RESOLUTION CONCERNING THE REMUNERATION OF DIRECTORS OF THE COMPANY FOR 2024

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 2024 is as follows:

Name	Position	Remuneration received from the Company for 2024 <i>(RMB'0,000, before tax)</i>
ZHENG Yongda	Chairman, Non-executive Director	0.00
CHE Jianxing	Executive Director, General Manager	524.51
WANG Wenhui	Non-executive Director	0.00
ZOU Shaorong	Non-executive Director	0.00
SHI Yaofeng	Executive Director, Deputy General Manager	384.89
YANG Yingwu	Executive Director, Deputy General Manager, Chief Financial Officer	194.51
LI Jianhong ⁽¹⁾	Former Executive Director, Non-executive Director	222.33
SONG Guangbin	Non-executive Director	0.00
XU Di	Non-executive Director	0.00
XUE Wei	Independent Non-executive Director	20.00
CHEN Shanang	Independent Non-executive Director	20.00
HUANG Jianzhong	Independent Non-executive Director	20.00
WONG Chi Wai	Independent Non-executive Director	20.00
CAI Qinghui	Independent Non-executive Director	20.00

Note:

- (1) Due to change in work, Mr. LI Jianhong has been re-designated from an executive Director to a non-executive Director, with effect from 27 December 2024. Mr. LI Jianhong will not receive any Director's fee for his role as a non-executive Director.

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 2024 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 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 2024

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 2024 is as follows:

Name	Position	Remuneration received from the Company for 2024 (RMB'0,000, before tax)
CHEN Jiasheng	Chairman of the Supervisory Committee, Independent Supervisor	15.00
MA Chenguang	Independent Supervisor	15.00
TANG Rongzhen	Employee Representative Supervisor	124.56
WANG Shouyi	Employee Representative Supervisor	161.47

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 2024 AGM for Shareholder's consideration and approval.

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 2025

The Company proposes to re-appoint RSM China as the PRC accounting standards auditor of the Company for the year 2025, to re-appoint CL Partners CPA Limited as international accounting standards auditor of the Company for the year 2025 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 2025 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 abovementioned resolution has been considered and approved by the Board and is hereby proposed at the 2024 AGM for Shareholders' consideration and approval.

In 2024, 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 2024 is presented as follows, and the capitalized terms used herein shall have the same meanings as those defined in the 2024 annual report of the Company:

I. MAJOR WORK OF THE BOARD IN 2024

As of 31 December 2024, the Board convened 4 general meetings for the year, at which 16 resolutions were considered and passed, and held 23 meetings of the Board, at which 70 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 5 meetings; the Remuneration and Evaluation Committee held 1 meeting; and the Nomination Committee held 1 meeting. For the matters reviewed and discussed at the meetings, please refer to the 2024 annual report of the Company.

During 2024, the Board of the Company 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) 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. 2024 PERFORMANCE

1. Financial Results

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

revenue in 2024 was RMB7.821 billion, representing a decrease of 32.08% from the Company's revenue of RMB11.515 billion in 2023, and the Company's net loss attributable to owners of the Company was RMB2.983 billion in 2024.

2. Business Review

As of 31 December 2024, the Company operated 77 Portfolio Shopping Malls with an occupancy rate of 83.0%, 257 Managed Shopping Malls with varying degrees of management depth, with an occupancy rate of 82.5%, and 7 home furnishing shopping malls through strategic cooperation. In addition, the Company opened 33 franchised home improvement material projects, including a total of 405 home improvement material stores/industry streets, which covered over 202 cities in 30 provinces, municipalities and autonomous regions in China, with a total operating area of 20,325,659 sq.m.

(I) Advancement of the 3+Star Eco-Strategy, Business Format Integration, and Scenario Innovation

With “home” as its core, the Company has extended its business from home furnishings to include home appliances and home decoration. These three sectors are interconnected as extensions, entry points, and growth drivers for jointly creating quality products, excellent services, and innovative scenario values. For the year ended 31 December 2024, the Company actively developed its Smart Electrical Appliance Themed Pavilions and M+ High-End Design Centers, achieved full coverage of the catering category, and attracted automotive brands to its premises. It also encouraged the introduction of lifestyle-related business formats such as leisure and entertainment, supermarkets, and education and training. The Company released the operating area for potential categories, optimized the category mix within each business format, and enhanced the comprehensive competitiveness of its shopping malls.

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

In terms of home decoration business, in January 2024, the Company hosted the China Home Improvement Design Ecosystem Summit and the Launch Conference of Red Star Macalline M+ High-End Home Improvement Design

Centers in 100 MALLs in Zhengzhou, Henan. Following the completion of the first batch of 16 M+ High-End Home Improvement Design Centers, the construction of the second batch of 84 centers has been officially launched. It is expected that the M+ High-End Home Improvement Design Centers will achieve the coverage of 100 MALLs nationwide by 2025. For the year ended 31 December 2024, the planned occupancy rate had reached 81.3%.

In terms of new business formats, in 2024, the Company focused on researching new business format categories suitable for the Red Star Macalline system, establishing planning guidelines, and creating a typical brand alliance for cross-format cooperation. For the year ended 31 December 2024, the operating area for new business formats (including automobiles, catering, etc.) had reached 910,000 sq.m., a year-on-year increase of 286,000 sq.m. In the new energy vehicle sector, the Company established Shanghai Jianmei Smart Auto Service Co., Ltd., which is responsible for the recruitment and operation of the new energy vehicle segment. It also launched the “3100 Plan” for the automotive business format, aiming to incubate a new track for the automotive business within three years and exceed one million square meters in total operating area. For the year ended 31 December 2024, the Company had partnered with 25 automotive brands, covering 26 cities, with an operating area of 164,000 sq.m., representing a year-on-year increase of 60,000 sq.m.

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

(II) Remarkable Achievements in Trade-in Programs, Demonstrating Strong Operational Capabilities

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

In the fourth quarter of 2024, the Company initiated a large-scale trade-in subsidy campaign for home appliances and furniture nationwide. Leveraging its leading offline channel advantages, the Company demonstrated exceptional organizational and execution capabilities. It actively engaged with government authorities and industry associations, assisted merchants in obtaining necessary qualifications, and conducted policy and process briefings. The Company also provided timely feedback to the government on issues encountered and suggestions

for improvement during the policy implementation, effectively facilitating the refinement and smooth execution of local subsidy policies. For the year ended 31 December 2024, the trade-in program had covered 249 shopping malls nationwide. In the fourth quarter of 2024, the Company's nationwide shopping malls recorded 724 thousand trade-in orders, with sales amounting to RMB6.69 billion. The central government subsidy reached RMB1.15 billion, accounting for approximately 17% of the total sales. The Company's leading position significantly aggregated consumer demand, effectively boosted consumption, and increased merchants' revenues.

(III) Digital Intelligence Empowers Business Operations, Reducing Costs and Increasing Efficiency and Enhancing Transformation

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

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

(IV) Omnichannel Marketing Upgrade, Driving Strategic Transformation of Mall Operations

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

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

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

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

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

(V) Strengthening Efforts to Support the Merchants and Revitalize the Operations Activities of Merchants

Distributors play an important role in the home furnishing industry, so it has always been the mission and responsibility of Red Star Macalline to provide them with a broader space for development. For the year ended 31 December 2024, the Company has released for the first time the policy of “RMB100 Million Subsidies for New Stores” in Guangzhou, aiming to leverage Red Star Macalline’s “exhibition store linkage” advantage to help more high-quality brands in mainstream categories lay out their marketing channels by providing subsidies for new stores. The Company held the National Top Ten Credible Young Merchants Award Ceremony in Tianjin, and officially announced six policies aimed at revitalizing the operation of merchants, including “Unified Cash Collection and Quick Refund”, “RMB100 Million Subsidies for New Stores”, “Ecological Fusion + Traffic Empowerment”, “Double Escort of High Quality and Competitive Price”, “Household Appliances Trade-in” and “Door-to-door Maintenance Service”.

III. DEVELOPMENT PLANS FOR 2025 AND BEYOND

In 2025, the Company will continue to steadily advance its main and expanded businesses. In line with the trend of one-stop consumption demand, the Company will deepen the implementation of the “3 + Star Ecosystem” to break down boundaries between home appliances, home furnishings and home decoration. While building a moat around the core home furnishing track, we will vigorously expand new product categories and new business formats to create a “Home Consumption Ecosystem Hub”, thereby consolidating Red Star Macalline’s position as an industry leader. The specific business plan is as follows:

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

The Company will continue to upgrade its mall through different aspects, such as operation capabilities, categories and brands, marketing, consumer services and reputation, and solidify its advantages in 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 high 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”, and upgrade and expand its existing smart electrical appliance lifestyle pavilions nationwide, with a view to enhancing the space value of shopping malls with an innovative business ecosystem. Building on its existing high-end smart electrical appliance products, the Company will introduce more lifestyle small appliances and digital products. In addition to mainstream high-end domestic and international brands that have already settled in, the Company will strengthen the introduction of second and third-tier brands across various electrical appliance categories, so as to expand product categories and optimize the brand matrix to offer consumers a wider variety of choices. Meantime, electrical appliance lifestyle pavilions will incorporate functional modules such as catering, coffee, electrical appliance service centers and e-sports gaming experiences, thereby enhancing the shopping experience of customers.

2. To advance platform-based transformation in an orderly manner and upgrade the construction of M+ High-End Design Centers

The Company will upgrade the construction of M+ High-End Home Improvement Design Centers. By introducing designer studios on the top floor of shopping malls, we can gain access to high-quality home furnishing consumption traffic and attract a waterfall-like flow of visitors to shopping malls. The Company will establish a robust M+ points-based benefit operating system that serves as a trusted bridge between consumers, designers and merchants, bringing actual growth for vertical home furnishing partners and the designer community. In order to deepen the transformation of consumer mindset from choosing products at Red Star Macalline to choosing solutions at Red Star Macalline, the Company will accelerate the full coverage of M+ High-End Home Improvement Design Centers across all shopping malls nationwide, with an intensive operational focus on core shopping malls.

3. To strengthen 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 business formats.

Based on the high requirements of automotive consumption for offline scenarios and service experience, the Company will leverage its inherent advantages in integrating home furnishing shopping malls with the automotive industry, and pool nationwide space resources to explore operations of a new “people, automotive and home” lifestyle. On one hand, the Company will deepen the general-to-general brand partnerships, and actively engage with OEMs and platform resources to expand its presence in new energy vehicles, premium used cars, automotive modification and aftermarket services. On the other hand, the Company will promote the launch of “π Space”, a smart automotive ecosystem complex, in Red Star Macalline’s shopping malls. A store-in-store model will be adopted

to integrate functions such as IP showcases, one-stop automotive purchase, automotive marketing, children entertainment, catering and trendy art experiences. With mini-programs as a bridge and through points-based and community operations, we can achieve online customer acquisition and offline experience and foster deeper user interaction, thereby attracting more customer traffic to stores.

The Company will continue to promote the introduction of high-frequency consumption business formats in shopping malls, consolidate the operating results of “100 MALLs” catering category, increase the coverage rate of shopping malls nationwide, and improve quality and enrich brands to enhance consumers’ shopping experience in shopping malls.

4. To create a recognizable home furnishing marketing IP and diversify marketing activities

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

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 mindset of each sub-category, and expand the influence of B- and C-ends to promote the implementation of category marketing activities. The Company will continue to collaborate with brands in conducting joint communication and marketing activities, strengthen the output of joint exclusive customized content for a single brand, and continuously promote in-depth joint brand operations.

The Company will continue to hold professional exhibitions, organize marketing activities, and leverage the foresight of the exhibition to gain insights into industry trends. The Company will help home furnishing brand manufacturers and distributors gain insights into market changes and expand sales channels, thus unleashing the potential of home furnishing consumption.

5. To proactively capture policy opportunities to consolidate the momentum of consumption recovery

As China further broadens the scope of the trade-in policy for consumer goods with a special focus on home appliances and home furnishing products, the Company will continue to engage with government authorities to apply for inclusion in subsidy catalogs.

After fully integrating subsidies for electrical appliances/3C, smart household products, home furnishing products, building materials and elder-friendly products, Red Star Macalline will become a one-stop premier offline channel for home furnishings under the trade-in policy.

While organizing qualified merchants to submit subsidy applications, the Company will encourage broader merchant participation within our shopping malls in alignment with national policies, and empower frontline operations with standardized service processes and all-domain marketing resources. In addition, by connecting online and offline consumer scenarios and optimizing the subsidy service process for consumers, the Company will provide consumers with a more efficient and convenient trade-in experience. When shopping malls obtain targeted in-store traffic with trade-in needs as a touchpoint, the Company will guide linkage sales between categories through refined operations, thereby further boosting sales within shopping malls.

The Company will actively seize policy opportunities in response to government initiatives, and focus on green, smart and elder-friendly products to enhance supply quality and offer innovative consumption scenarios, so as to promote the recovery and upgrading of home furnishing consumption. While actively adapting to the changes in the transformation of real estate market from the past high-speed growth to a stock-based era, the Company will capitalize on the industry development opportunities brought by the accelerated release of improvement-driven demand under the stimulation of subsidies, thus setting industry benchmarks and solidifying its leadership position.

6. To establish an online traffic operations matrix under the dual-mainstay strategy to gradually achieve holistic traffic attraction

The Company will continue to refine its online operations matrix and expand from its dual-mainstay platforms of “Tmall Tongcheng Station” and “TikTok Local Life” and further expand to other online platforms such as “Xiaohongshu”, “Amap”, “WeChat Video Accounts”, “Dianping” and “Baidu Map”, fully facilitating online customer acquisition channels of shopping malls according to local conditions.

To promote the construction of Internet capabilities for shopping malls, the Company will continue to expand the scale of “10,000 Guides Live Streaming” programs, and focus on empowering programs with AIGC new technologies to exponentially increase the efficiency of short videos and live streaming. We will actively carry out programs such as the Gold Content Creation Contest and Super Star Livestreamer Program to ensure sustained business stability and support for merchants.

With Red Star Macalline Mini-Program as the primary platform, the Company will deeply integrate enterprise WeChat and other user service tools, and upgrade its products to provide users with better parking, shopping and consumption experiences in shopping

malls, thereby creating a user-centric official service platform. Meanwhile, the Company will consolidate customer data into the user asset pool, and adopt lifecycle management that encourages repeat purchases and empowers merchant operations with customer data.

7. To pool high-quality resources and explore new business opportunities

To strengthen its revenue growth curve, the Company will build a new business platform that provides architectural furnishings and decoration engineering services to real estate companies, hotel management companies, government authorities and other enterprises and institutions, as well as one-stop services covering public space design, material supply, and construction and installation. Leveraging our long-term partnerships with a wide array of home furnishing brands/factories in the industry, we will integrate relevant resources to provide a win-win direct procurement services for home furnishing products which ensures product variety and quality while enhancing cost efficiency.

8. To optimize liability structure and reduce financing costs

The Company will enhance trust with financial institutions through standardized financial management and sound credit records. The Company will actively expand low-cost funding sources, and rely on its diversified financing channels, such as bank loans and CMBS products, to reduce financing costs and optimize the maturity structure of interest-bearing debts.

IV. FINAL DIVIDEND DISTRIBUTION PLAN FOR 2024

On the basis of the audited results for 2024, the Company recorded revenue of RMB7,821,265,939.71 and net loss attributable to shareholders of the Company of RMB2,983,497,056.49. Considering that since 2024, 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 2024 was negative and no profit has been realized, on the premise of ensuring the normal operation and long-term development of the Company, while taking into account the Company's sustainable development plan, profitability, business plan and capital arrangement by the Board of the Company, and in accordance with the relevant laws and regulations and the Articles of Association, the final dividend distribution of the Company for 2024 is that: there will be no cash dividend distribution or conversion of capital reserve into share capital for 2024.

WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2024**I. MEETINGS OF THE SUPERVISORY COMMITTEE AND RELEVANT RESOLUTIONS**

The Supervisory Committee convened a total of 8 meetings in 2024, and details of the relevant meetings and the resolutions are as follows:

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

- (6) On 30 August 2024, the fifth meeting of the fifth session of the Supervisory Committee was convened, at which the Interim Financial Statements of the Company as of 30 June 2024, the Interim Report and Interim Results as of 30 June 2024, the Exclusive Report on the Depository and Actual Use of Funds Raised by the Company in the First Half of 2024 and the Resolution in respect of the Provision of Asset Impairment Allowances in the First Half of 2024 were considered and approved;
- (7) On 24 October 2024, the sixth extraordinary meeting of the fifth session of the Supervisory Committee was convened, at which the Resolution on the Use of Certain Idle Proceeds for Temporary Replenishment of Working Capital were considered and approved;
- (8) On 30 October 2024, the sixth meeting of the fifth session of the Supervisory Committee was convened, at which the Third Quarterly Report of the Company for 2024 and the Resolution in respect of the Provision of Asset Impairment Allowances in the First Three Quarters of 2024 were considered and approved.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE REGARDING CERTAIN MATTER

- (1) Legal operations: During the year of 2024, members of the Supervisory Committee continued to supervise the Company's operations through attending Board meetings, reviewing exclusive reports, conducting onsite inspections and meetings with staff, conducting audit and specific survey. With reference to various regulations, the Supervisory Committee was of the opinion that the decision-making process of the Company was lawful, the internal control was effective, and the Directors and the senior management of the Company had diligently carried out their duties, and there was no behavior of violation of the laws, regulations, the Articles of Association, nor had they prejudiced the Company's and Shareholders' interests. The Supervisory Committee had reviewed the Company's internal control audit report from RSM China for the year 2024, and was of the view that the report reflected the actual situation of the Company's corporate governance and internal control, that the audit opinions were objective, and agreed to publish the relevant report.
- (2) Monitoring the Company's financial situation: For the year ended 31 December 2024, the Supervisory Committee diligently performed its duty of monitoring the Company's financial conditions, including monitoring the Company's operations and its risks and providing review opinions to each periodic report. The Supervisory Committee was of the opinion that the Company's financial report reflected a true and fair view on the Company's financial conditions and operating results.
- (3) Use of Proceeds

Use of proceeds from 2018 initial public offering

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

On 28 March, 2024, the Company convened the third meeting of the fifth session of the Board and the third meeting of the fifth session of the Supervisory Committee to consider and approve “the Resolution Concerning the Conclusion, Extension, Suspension and Termination of Investment Projects with Partial Proceeds of the A Shares”, specifically, the “Changsha Jinxia Shopping Mall project” under the initial public offering had been concluded and the “New Intelligent Home Furnishing Shopping Mall Project” had been terminated. The Company will permanently replenish its working capital with the remaining/surplus proceeds of RMB306.7927 million (after deducting anticipated pending payments and excluding accrued bank deposit interest, both received and unreceived, from the proceeds account, the final amount shall be subject to actual final payments of the projects). The Company has considered and approved relevant matters at the 2023 annual general meeting held on 23 May 2024.

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

As of 31 December 2024, the Company cumulatively used 90.53% of proceeds from 2018 initial public offering of the A Share in the abovementioned fund-raising investment projects.

Use of actual proceeds from 2021 non-public issuance

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

On 28 March, 2024, the Company convened the third meeting of the fifth session of the Board and the third meeting of the fifth session of the Supervisory Committee to consider and approve “the Resolution Concerning the Conclusion, Extension, Suspension and Termination of Investment Projects with Partial Proceeds of the A Shares”, specifically, the “Tmall ‘Home Decoration Tongcheng Station’ Project, “3D Shejiyun Platform Construction Project” and “Construction Project for New Generation Home Improvement Platform System” had been terminated. The Company will permanently replenish its working capital with the remaining proceeds of approximately RMB845.367 million (after deducting anticipated pending payments and excluding accrued bank deposit interest, both received and unreceived, from the proceeds account, the final amount shall be subject to actual final payments of the projects). The Company has considered and approved relevant matters at the 2023 annual general meeting held on 23 May 2024.

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

As of 31 December 2024, the Company cumulatively used 72.82% of the proceeds raised from the non-public issuance of shares in 2021 to invest in the abovementioned fund-raising investment projects.

- (4) Stock incentive: During the year ended 31 December 2024, the Company did not carry out any stock incentive.
- (5) Major asset acquisitions and disposals:

During the year ended 31 December 2024, the Company has not acquired or sold any significant assets.

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

During the year ended 31 December 2024, 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 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 2024

During the year ended 31 December 2024, the Company constantly shoulders the “building warm and harmonious homes and enhancing taste for consumption and home life” as its duty, continued to follow 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. For the year ended 31 December 2024, the Company’s operating results declined in the short term, but the operation as a whole still achieved stable development, and the overall financial status was healthy. The final account report for 2024 was prepared especially for its main business-Portfolio Shopping Malls.

The Company’s Portfolio Shopping Malls in 2024 achieved a revenue of RM5,360.02 million, representing a decrease of RMB1,420.65 million or 21.0% as compared with that in 2023; and a gross profit of RMB3,521.23 million, representing a decrease of RMB1,277.81 million or 26.6% as compared with that in 2023.

Unit: RMB’0,000

Portfolio Shopping Malls	2024	2023	Difference	Change percentage
Revenue	536,002	678,067	-142,065	-21.0%
Cost of sales	183,879	198,163	-14,284	-7.2%
Gross profit	<u>352,123</u>	<u>479,904</u>	<u>-127,781</u>	<u>-26.6%</u>

In terms of type of business of Portfolio Shopping Malls, the owned Portfolio Shopping Malls achieved a revenue of RMB4,787.56 million, accounting for 89.3% of the revenue of Portfolio Shopping Malls, representing a decrease of RMB1,182.60 million or 19.8% as compared to that in 2023. The leased Portfolio Shopping Malls achieved a revenue of RMB572.46 million, accounting for 10.7% of the revenue of Portfolio Shopping Malls, representing a decrease of RMB238.05 million or 29.4% as compared to that in 2023.

Unit: RMB’0,000

Portfolio Shopping Malls	2024	2023	Difference	Change percentage
Owned Portfolio Shopping Malls	478,756	597,016	-118,260	-19.8%
Leased Portfolio Shopping Malls	57,246	81,051	-23,805	-29.4%
Total	<u>536,002</u>	<u>678,067</u>	<u>-142,065</u>	<u>-21.0%</u>

In terms of the regions of Portfolio Shopping Malls, in 2024, the revenue from Portfolio Shopping Malls in Beijing was RMB679.52 million, representing a decrease of RMB98.84 million or 12.7% compared with 2023; the revenue from Portfolio Shopping Malls in Shanghai was RMB1,364.12 million, representing a decrease of RMB239.53 million or 14.9% compared with 2023; the revenue from Portfolio Shopping Malls in Tianjin was RMB184.98 million, representing a decrease of RMB15.96 million or 7.9% compared with 2023; the revenue from Portfolio Shopping Malls in Chongqing was RMB335.17 million, representing a decrease of RMB102.04 million or 23.3% compared with 2023; the revenue from Portfolio Shopping Malls in Northeast China (Heilongjiang, Jilin and Liaoning) was RMB456.55 million, representing a decrease of RMB125.87 million or 21.6% compared with 2023; the revenue from Portfolio Shopping Malls in North China (Hebei, Inner Mongolia, Shanxi, excluding Beijing and Tianjin) was RMB204.44 million, representing a decrease of RMB70.81 million or 25.7% compared with 2023; the revenue from Portfolio Shopping Malls in East China (Anhui, Jiangsu, Shandong, Zhejiang, Fujian, excluding Shanghai) was RMB1,261.27 million, representing a decrease of RMB493.22 million or 28.1% compared with 2023; the revenue from Portfolio Shopping Malls in Central China (Henan, Hubei and Hunan) was RMB424.49 million, representing a decrease of RMB130.69 million or 23.5% compared with 2023; the revenue from Portfolio Shopping Malls in South China (Guangdong and Guangxi) was RMB70.59 million, representing a decrease of RMB47.54 million or 40.2% compared with 2023; the revenue from Portfolio Shopping Malls in Western China (Gansu, Sichuan, Yunnan, Qinghai, Xinjiang, excluding Chongqing) was RMB378.89 million, representing a decrease of RMB96.15 million or 20.2% compared with 2023.

Unit: RMB'0,000

Portfolio Shopping Malls	2024	2023	Difference	Change percentage
Beijing	67,952	77,836	-9,884	-12.7%
Shanghai	136,412	160,365	-23,953	-14.9%
Tianjin	18,498	20,094	-1,596	-7.9%
Chongqing	33,517	43,721	-10,204	-23.3%
Northeast China	45,655	58,242	-12,587	-21.6%
North China (excluding Beijing, Tianjin)	20,444	27,525	-7,081	-25.7%
East China (excluding Shanghai)	126,127	175,449	-49,322	-28.1%
Central China	42,449	55,518	-13,069	-23.5%
South China	7,059	11,813	-4,754	-40.2%
Western China (excluding Chongqing)	37,889	47,504	-9,615	-20.2%
Total	536,002	678,067	-142,065	-21.0%

FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2025

Based on the operating results for 2024, combined with the national and regional macroeconomic policies, the Company will continue to strengthen its internal refined management in 2025. We prepared the financial budget for 2025 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 2025

II. FINANCIAL BUDGET DETAILS

The Company's Portfolio Shopping Malls in 2025 is expected to achieve a revenue of RMB5,291.58 million, representing a decrease of RMB68.44 million or 1.3% as compared with that in 2024, and a gross profit of RMB3,524.19 million, representing an increase of RMB2.96 million or 0.1% from 2024.

Unit: RMB'0,000

Portfolio Shopping Malls	Budget amount for 2025	Final account amount for 2024	Difference	Change percentage
Revenue	529,158	536,002	-6,844	-1.3%
Cost of sales	176,739	183,879	-7,140	-3.9%
Gross profit	<u>352,419</u>	<u>352,123</u>	<u>296</u>	<u>0.1%</u>

In terms of type of business of Portfolio Shopping Malls, the owned Portfolio Shopping Malls is expected to achieve a revenue of RMB4,857.14 million, accounting for 91.8% of the total revenue of Portfolio Shopping Malls. The leased Portfolio Shopping Malls is expected to achieve a revenue of RMB434.44 million, accounting for 8.2% of the total revenue of Portfolio Shopping Malls.

Unit: RMB'0,000

Portfolio Shopping Malls	Budget amount for 2025	Final account amount for 2024	Difference	Change percentage
Owned Portfolio Shopping Malls	485,714	478,756	6,958	1.5%
Leased Portfolio Shopping Malls	43,444	57,246	-13,802	-24.1%
Total	<u>529,158</u>	<u>536,002</u>	<u>-6,844</u>	<u>-1.3%</u>

APPENDIX V FINANCIAL BUDGET REPORT OF THE COMPANY FOR 2025

In terms of the regions of Portfolio Shopping Malls, in 2025, the revenue from Portfolio Shopping Malls in Beijing reached RMB669.70 million, representing a decrease of RMB9.82 million or 1.4% as compared with that in 2024; the revenue from Portfolio Shopping Malls in Shanghai reached RMB1,371.36 million, representing an increase of RMB7.24 million or 0.5% as compared with that in 2024; the revenue from Portfolio Shopping Malls in Tianjin reached RMB183.97 million, representing a decrease of RMB1.01 million or 0.5% as compared with that in 2024; the revenue from Portfolio Shopping Malls in Chongqing reached RMB294.46 million, representing a decrease of RMB40.71 million or 12.1% as compared with that in 2024; the revenue from Portfolio Shopping Malls in Northeast China (Heilongjiang, Jilin and Liaoning) reached RMB475.72 million, representing an increase of RMB19.17 million or 4.2% as compared with that in 2024; the revenue from Portfolio Shopping Malls in North China (Hebei, Inner Mongolia, Shanxi, excluding Beijing and Tianjin) reached RMB172.15 million, representing a decrease of RMB32.29 million or 15.8% as compared with that in 2024; the revenue from Portfolio Shopping Malls in East China (Anhui, Jiangsu, Shandong, Zhejiang and Fujian, excluding Shanghai) reached RMB1,263.94 million, representing an increase of RMB2.67 million or 0.2% as compared with that in 2024; the revenue from Portfolio Shopping Malls in Central China (Henan, Hubei and Hunan) reached RMB419.55 million, representing a decrease of RMB4.94 million or 1.2% as compared with that in 2024; the revenue from Portfolio Shopping Malls in South China (Guangdong and Guangxi) reached RMB69.43 million, representing a decrease of RMB1.16 million or 1.6% as compared with that in 2024; the revenue from Portfolio Shopping Malls in Western China (Gansu, Sichuan, Yunnan and Qinghai, Xinjiang, excluding Chongqing) reached RMB371.30 million, representing a decrease of RMB7.59 million or 2.0% as compared with that in 2024.

Unit: RMB'0,000

Portfolio Shopping Malls	Budget amount for 2025	Final account amount for 2024	Difference	Change percentage
Beijing	66,970	67,952	-982	-1.4%
Shanghai	137,136	136,412	724	0.5%
Tianjin	18,397	18,498	-101	-0.5%
Chongqing	29,446	33,517	-4,071	-12.1%
Northeast China	47,572	45,655	1,917	4.2%
North China (excluding Beijing, Tianjin)	17,215	20,444	-3,229	-15.8%
East China (excluding Shanghai)	126,394	126,127	267	0.2%
Central China	41,955	42,449	-494	-1.2%
South China	6,943	7,059	-116	-1.6%
Western China (Excluding Chongqing)	37,130	37,889	-759	-2.0%
Total	529,158	536,002	-6,844	-1.3%

III. RISK WARNING

The above forward-looking statements and indicators relating to the 2025 annual financial budget do not constitute substantial corporate commitments to investors, and do not represent the Company's profit forecast for 2025, 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.

NOTICE OF THE 2024 AGM



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 2024 AGM

NOTICE IS HEREBY GIVEN that the 2024 annual general meeting (the “**AGM**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**”) will be held at 10:30 a.m. on Friday, 23 May 2025 at Conference Center, 3/F, South Building, Block B, Red Star Macalline Headquarter, 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 2024;
2. The work report of the Supervisory Committee of the Company for 2024;
3. The final account report of the Company for 2024;
4. The financial budget report of the Company for 2025;
5. The annual report and annual results of the Company for the year ended 31 December 2024;
6. The profit distribution plan of the Company for 2024;
7. The resolution concerning the remuneration of Directors of the Company for 2024;
8. The resolution concerning the remuneration of Supervisors of the Company for 2024;
9. The resolution concerning the re-appointment of the auditor for the financial report and the internal control auditor of the Company for the year 2025.

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 2025

NOTICE OF THE 2024 AGM

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 2025.
2. For the purpose of holding the AGM, the register of members of H shares of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025 (both dates inclusive), during which period no transfer of H 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 Monday, 19 May 2025 for registration. The H Share Shareholders whose names appear on the register of members of the Company on Tuesday, 20 May 2025 are entitled to attend and vote at the 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 behalf. 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/her 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, Block A, Red Star Macalline Headquarter, No. 5, Lane 1466, Shenchang Road, Minhang District, Shanghai
Postal code: 201106
Contact person: Qiu Zhe, Li Duo
Tel: (8621) 52820220
Fax: (8621) 52820272