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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)

(Listed Debt Securities Code: 5454)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Red Star Macalline Group Corporation Ltd. (the “**Company**” or “**Red Star Macalline**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with comparative figures for the year ended 31 December 2023. Such financial results in this announcement had been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

FINANCIAL HIGHLIGHTS

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

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

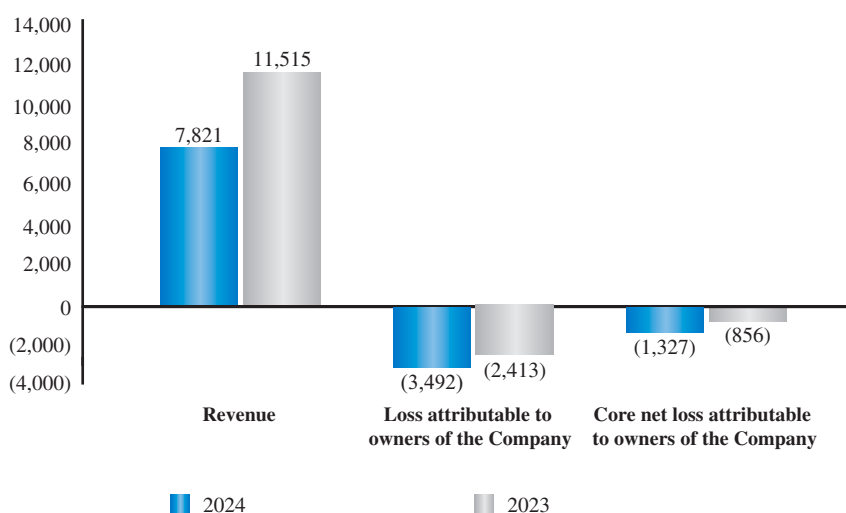
(2) Core net loss attributable to owners of the Company represents the loss attributable to owners of the Company after deducting the after-tax effects of changes in fair values of investment properties, other income, other gains and losses and other expenses etc., which are not related to daily operating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

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

KEY FINANCIAL PERFORMANCE INDICATORS

Key Financial Performance Indicators

RMB million



OPERATIONAL HIGHLIGHTS

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

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

Note:

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	<i>5</i>	7,821,266	11,514,983
Cost of sales and services		<u>(2,834,265)</u>	<u>(4,481,730)</u>
Gross profit		4,987,001	7,033,253
Other income	<i>6</i>	220,064	319,480
Other gains or losses, net	<i>7</i>	(526,280)	(1,200,524)
Selling and distribution expenses		(1,028,348)	(1,483,138)
Administrative expenses		(1,451,715)	(1,762,508)
Research and development expenses		(13,366)	(19,631)
Change in fair value of investment properties, net	<i>13</i>	(2,879,022)	(1,546,044)
Impairment losses under expected credit loss model, net of reversal		(1,104,858)	(1,303,571)
Share of results of associates, net		36,839	65,295
Share of results of joint ventures, net		(28,711)	12,409
Finance cost	<i>8</i>	(2,531,193)	(2,654,625)
Loss before tax		(4,319,589)	(2,539,604)
Income tax credit/(expenses)	<i>9</i>	591,746	(30,814)
Loss for the year	<i>10</i>	(3,727,843)	(2,570,418)

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Other comprehensive (loss)/income			
<i>Item that will not be reclassified to profit or loss:</i>			
Changes in fair value of other equity instrument investments		(128,670)	(225,987)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income of associates		4,407	–
Exchange differences from translation of financial statements		671	750
Other comprehensive loss		<u>(123,592)</u>	<u>(225,237)</u>
Total comprehensive loss for the year		<u>(3,851,435)</u>	<u>(2,795,655)</u>
Loss for the year attributable to:			
Owners of the Company		(3,492,042)	(2,412,713)
Non-controlling interests		(235,801)	(157,705)
		<u>(3,727,843)</u>	<u>(2,570,418)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(3,614,409)	(2,639,982)
Non-controlling interests		(237,026)	(155,673)
		<u>(3,851,435)</u>	<u>(2,795,655)</u>
Loss per share			
Basic and diluted loss (RMB per share)	12	<u>(0.80)</u>	<u>(0.55)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
ASSETS			
Non-current assets			
Investment properties	<i>13</i>	95,104,200	98,480,200
Property, plant and equipment		2,673,532	2,978,655
Right-of-use assets		4,792	10,787
Intangible assets		64,171	97,830
Goodwill		97,597	97,597
Interests in associates		2,334,650	2,415,082
Interests in joint ventures		994,557	1,027,419
Financial instruments at fair value through profit or loss		160,879	260,025
Financial instruments at fair value through other comprehensive income		1,230,892	1,757,631
Deferred tax assets		3,909,149	3,145,906
Loan receivables		243,921	324,064
Restricted bank deposits		640,670	444,253
Deposits, prepayment and other receivables		2,841,274	3,163,522
Total non-current assets		110,300,284	114,202,971
Current assets			
Inventories		53,065	159,514
Loan receivables		1,818,274	2,255,791
Financial instruments at fair value through profit or loss		144,634	570,321
Account receivables	<i>14</i>	585,204	1,203,320
Note receivables		14,126	6,176
Contract assets		1,008,634	1,386,743
Deposits, prepayment and other receivables		1,557,162	1,871,973
Bank balances and cash		3,153,986	2,529,800
Total current assets		8,335,085	9,983,638
Total assets		118,635,369	124,186,609

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Current liabilities			
Trade and other payables	<i>15</i>	18,791,802	12,194,197
Rental and service fee received in advance		730,600	876,845
Contract liabilities		749,289	1,137,850
Tax payables		178,161	378,302
Lease liabilities		601,377	954,445
Bank and other borrowings	<i>16</i>	6,016,153	12,976,625
Other current liabilities		72,908	73,277
Bonds		1,790,841	–
Total current liabilities		28,931,131	28,591,541
Net current liabilities		(20,596,046)	(18,607,903)
Total assets less current liabilities		89,704,238	95,595,068
Non-current liabilities			
Deferred tax liabilities		13,774,518	14,037,866
Bank and other borrowings	<i>16</i>	21,247,400	19,713,654
Bonds		–	1,758,512
Lease liabilities		1,624,283	2,822,379
Other payables		472,937	510,349
Deferred income		160,612	210,046
Contract liabilities		414,245	455,413
Other non-current liabilities		705,692	943,714
Total non-current liabilities		38,399,687	40,451,933
Net assets		51,304,551	55,143,135
Equity			
Share capital	<i>17</i>	4,354,733	4,354,733
Reserves		43,843,517	47,477,661
Equity attributable to owners of the Company		48,198,250	51,832,394
Non-controlling interests		3,106,301	3,310,741
Total equity		51,304,551	55,143,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

2.1 Basis of measurement

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

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

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

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

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

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

2.2 Going concern

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

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

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

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to IFRSs that are mandatorily effective for the current year

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

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

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

New and amendments to IFRSs in issue but not yet effective

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by Listing Rules and by the CO. The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

5. SEGMENT INFORMATION AND REVENUE

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

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

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

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

Others: this segment derives revenue from providing other comprehensive service to the customers, including joint marketing, strategy consultation, retail sales of goods, cleaning services, internet services, and more.

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned/(loss incurred) by each segment without allocation of other income, other gains or losses, research and development expenses, changes in fair value of investment properties, impairment loss under expected credit losses model, share of results of associates, share of results of joint ventures, finance cost, central administrative expenses and income tax credit/(expenses). This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment. No operating segments have been aggregated in arriving at the reportable segment of the Group.

No segment assets and liabilities, and other segment information are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

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

	Owned/ Leased Portfolio Malls RMB'000	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2024					
Segment revenue from external customers	<u>5,360,019</u>	<u>1,460,146</u>	<u>332,128</u>	<u>668,973</u>	<u>7,821,266</u>
Segment profit/(loss)	<u>2,461,295</u>	<u>(44,989)</u>	<u>(66,085)</u>	<u>191,319</u>	<u>2,541,540</u>
Unallocated:					
Other income					220,064
Other gains or losses, net					(526,280)
Central administrative expense					(34,602)
Research and development expenses					(13,366)
Change in fair value of investment properties, net					(2,879,022)
Impairment losses under expected credit loss model, net of reversal					(1,104,858)
Share of results of associates, net					36,839
Share of results of joint ventures, net					(28,711)
Finance cost					<u>(2,531,193)</u>
Loss before tax					<u>(4,319,589)</u>
Other information:					
Depreciation	<u>97,966</u>	<u>11,125</u>	<u>2,371</u>	<u>91,665</u>	<u>203,127</u>
Amortization	<u>289</u>	<u>25,234</u>	<u>975</u>	<u>11,123</u>	<u>37,621</u>

	Owned/ Leased Shopping Malls <i>RMB'000</i>	Managed Shopping Malls <i>RMB'000</i>	Construction and decoration services <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2023					
Segment revenue from external customers	<u>6,780,669</u>	<u>2,030,714</u>	<u>1,478,097</u>	<u>1,225,503</u>	<u>11,514,983</u>
Segment profit/(loss)	<u>3,381,871</u>	<u>190,442</u>	<u>(266,293)</u>	<u>524,351</u>	<u>3,830,371</u>
Unallocated:					
Other income					319,480
Other gains or losses, net					(1,200,524)
Central administrative expense					(42,764)
Research and development expenses					(19,631)
Change in fair value of investment properties, net					(1,546,044)
Impairment losses under expected credit loss model, net of reversal					(1,303,571)
Share of results of associates, net					65,295
Share of results of joint ventures, net					12,409
Finance cost					<u>(2,654,625)</u>
Loss before tax					<u>(2,539,604)</u>
Other information:					
Depreciation	<u>149,281</u>	<u>14,129</u>	<u>17,484</u>	<u>96,390</u>	<u>277,284</u>
Amortization	<u>289</u>	<u>23,313</u>	<u>3,024</u>	<u>14,229</u>	<u>40,855</u>
The revenue of sales set out as follows:					
			2024 <i>RMB'000</i>		2023 <i>RMB'000</i>
Revenue from contracts with customers			2,426,913		4,679,789
Rental and related revenue			5,394,353		6,835,194
			<u>7,821,266</u>		<u>11,514,983</u>

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

	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2024				
Principal operating region				
Mainland China	<u>1,460,146</u>	<u>332,128</u>	<u>634,639</u>	<u>2,426,913</u>
Timing of revenue recognition				
A point in time				
Revenue from sales of goods	–	1,988	35,881	37,869
Other revenues	–	–	171,053	171,053
Over-time				
Revenue from operation and management services	1,460,146	–	–	1,460,146
Revenue from construction and design services	–	271,396	–	271,396
Revenue from decoration	–	58,744	–	58,744
Other revenues	–	–	427,705	427,705
Total	<u>1,460,146</u>	<u>332,128</u>	<u>634,639</u>	<u>2,426,913</u>
	Managed Shopping Malls RMB'000	Construction and decoration services RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2023				
Principal operating region				
Mainland China	<u>2,030,714</u>	<u>1,478,097</u>	<u>1,170,978</u>	<u>4,679,789</u>
Timing of revenue recognition				
A point in time				
Revenue from sales of goods	–	20,354	44,227	64,581
Other revenues	–	–	477,057	477,057
Over-time				
Revenue from operation and management services	2,030,714	–	–	2,030,714
Revenue from construction and design services	–	1,212,210	–	1,212,210
Revenue from decoration	–	245,533	–	245,533
Other revenues	–	–	649,694	649,694
Total	<u>2,030,714</u>	<u>1,478,097</u>	<u>1,170,978</u>	<u>4,679,789</u>

Geographic information

All revenue and operating results of the Group are derived from the PRC based on location of the operations.

Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	2024 RMB'000	2023 RMB'000
The PRC	103,512,056	107,313,379
The Cayman Islands	91,804	93,468
	<u>103,603,860</u>	<u>107,406,847</u>

Note:

Non-current assets excluded financial instruments and deferred tax assets.

6. OTHER INCOMES

	2024 RMB'000	2023 RMB'000
Interest income on		
– bank deposits	16,854	14,536
– other loans and receivables	93,828	152,781
	<u>110,682</u>	<u>167,317</u>
Total interest income		
Government grants		
– tax refund and subsidies	33,882	33,921
– special industry-supporting fund	21,878	37,153
– other policy reward support funds	71	40
Subsidy for land supporting expense and subsidy for gas-fired air conditioning equipment	5,886	5,850
Dividend income from financial instruments at fair value through other comprehensive income	14,431	53,682
Dividend income from financial instruments at fair value through profit or loss (“FVTPL”)	1,852	10,101
Income from default compensation	3,623	1,038
Income from project termination	27,759	10,378
	<u>220,064</u>	<u>319,480</u>

7. OTHER GAINS OR LOSSES, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Gain/(loss) on disposal of associates and joint ventures	13,964	(94,350)
Gain on disposal of financial instruments at FVTPL	2,215	183
Loss on disposal of property, plant and equipment	(7,043)	(11,064)
Loss on disposal of intangible assets	(974)	(19)
Gain on disposal and deregistration of subsidiaries, net	–	16,600
Loss on lease modification	(36,379)	(44,608)
Impairment loss on earning right related to land consolidation	–	(315,070)
Impairment loss on interests in associates	–	(131,053)
Impairment loss on interests in joint ventures	–	(34,829)
Fair value change on financial instruments at FVTPL	(96,496)	(44,744)
Charitable donations	–	(57)
Compensation expenses	(37,289)	(14,575)
Written off of property, plant and equipment	–	(6,988)
Written off of intangible assets	–	(302)
Write-down of inventories	(71,857)	(92,139)
Exchange loss	(32,677)	(30,885)
Others (<i>note a</i>)	(259,744)	(396,624)
	<u>(526,280)</u>	<u>(1,200,524)</u>

Note:

- (a) Other losses for the Reporting Period include: (1) individual projects for which the decision to discontinue further investment was made after evaluation by the relevant departments of the Company, the related loss arising from the discontinued projects amounted to RMB139,564 thousand (2023: RMB253,156 thousand); (2) the estimated loss arising from asset repurchase obligations amounted to RMB0 (2023: RMB65,000 thousand); and (3) the estimated loss arising from failure to execute contracts in accordance with the agreements amounted to RMB0 (2023: RMB40,000 thousand).

8. FINANCE COST

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank and other borrowings	2,293,629	2,587,565
Interest on lease liabilities	137,843	188,915
Interest on bonds	100,324	96,173
	<u>2,531,796</u>	<u>2,872,653</u>
Less: amount capitalised in the cost of qualifying assets	<u>(603)</u>	<u>(218,028)</u>
	<u>2,531,193</u>	<u>2,654,625</u>

9. INCOME TAX

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Income tax expenses comprise:		
Current tax:		
PRC enterprise income tax	264,145	181,610
Under/(over) provision in prior year	74,968	(99,543)
	<u>339,113</u>	<u>82,067</u>
Deferred tax – current year	<u>(930,859)</u>	<u>(51,253)</u>
Income tax (credit)/expenses	<u>(591,746)</u>	<u>30,814</u>

10. LOSS FOR THE YEAR

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss for the year has been arrived at after charging (crediting):		
Staff costs (including directors emoluments)		
Salaries and other benefits	1,988,877	2,367,509
Retirement benefits scheme contributions	188,343	217,335
Total staff costs	<u>2,177,220</u>	<u>2,584,844</u>
Auditors' remuneration	6,500	6,500
Cost of inventories recognised as an expense	43,033	124,649
Depreciation of property, plant and equipment	199,585	270,504
Depreciation of right-of-use assets	3,542	6,780
Amortisation of intangible assets	37,621	40,855
Advertising and promotional expenses	613,267	890,759
	<u>(5,394,353)</u>	<u>(6,835,194)</u>
Gross rental income from investment properties	<u>(5,394,353)</u>	<u>(6,835,194)</u>
Less: Direct operating expenses incurred for investment properties	<u>1,377,783</u>	<u>1,490,506</u>
	<u>(4,016,570)</u>	<u>(5,344,688)</u>

11. DIVIDEND

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2024 RMB'000	2023 RMB'000
2022 Final Dividend (RMB0.034 per share)	–	148,025
Special Dividend (RMB0.046 per share)	–	200,270
	<hr/>	<hr/>
	–	348,295
	<hr/> <hr/>	<hr/> <hr/>

The Board resolved that no final dividend will be declared in respect of the year ended 31 December 2024 (year ended 31 December 2023: Nil).

The final dividend that relates to the year ended 31 December 2022 (the “**2022 Final Dividend**”) amounting to RMB148,025 thousand was approved at the annual general meeting on 26 June 2023 and was paid on 25 August 2023. On 28 April 2023, the Board has proposed the distribution of a special dividend of RMB0.46 per 10 shares (“**Special Dividend**”). The Special Dividend amounting to RMB200,270 thousand was approved at the annual general meeting on 26 June 2023 and was paid on 25 August 2023.

12. LOSS PER SHARE

The calculation of basic and diluted loss per share as of 31 December 2024 and 2023 is based on the following data:

	2024 RMB	2023 RMB
Basic and diluted loss per share	(0.80)	(0.55)
	<hr/> <hr/>	<hr/> <hr/>

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

There was no dilutive potential ordinary shares outstanding for the years ended 31 December 2024 and 2023. Accordingly, the diluted loss per share is same as the basic loss per share for the years ended 31 December 2024 and 2023.

As of 31 December 2024 and 2023, the calculation of basic and diluted loss per share is detailed as follows:

	2024	2023
<i>Loss</i>		
Net loss for the year attributable to owners of the Company (RMB'000)	(3,492,042)	(2,412,713)
	<hr/> <hr/>	<hr/> <hr/>
<i>Number of the ordinary shares</i>		
Weighted average number of the ordinary shares of the Company ('000)	4,354,733	4,354,733
	<hr/> <hr/>	<hr/> <hr/>

13. INVESTMENT PROPERTIES

	Completed Investment properties <i>RMB'000</i>	Properties under construction <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Total <i>RMB'000</i>
Fair value				
As at 1 January 2023	86,781,000	8,928,000	4,313,185	100,022,185
Additions	51,960	367,072	63,228	482,260
Lease modification	–	–	(135,494)	(135,494)
Disposal of assets	(44,000)	–	–	(44,000)
Transfer to property, plant and equipment	(298,707)	–	–	(298,707)
Changes in fair value	(677,054)	(192,072)	(676,918)	(1,546,044)
As at 31 December 2023 and 1 January 2024	85,813,199	9,103,000	3,564,001	98,480,200
Additions	543,293	33,853	44,783	621,929
Lease modification	–	–	(1,178,058)	(1,178,058)
Transfer from construction in progress	495,000	(495,000)	–	–
Transfer from property, plant and equipment and inventory	59,151	–	–	59,151
Changes in fair value	(1,760,443)	(342,853)	(775,726)	(2,879,022)
As at 31 December 2024	85,150,200	8,299,000	1,655,000	95,104,200

14. ACCOUNT RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Account receivables	2,150,467	3,169,493
Less: provision of expected credit loss	(1,565,263)	(1,966,173)
	585,204	1,203,320

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	479,448	738,301
1 to 2 years	292,672	453,273
2 to 3 years	207,154	413,187
Over 3 years	1,171,193	1,564,732
Less: provision of expected credit loss	(1,565,263)	(1,966,173)
	585,204	1,203,320

15. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables (<i>note a</i>)	<u>1,402,974</u>	<u>2,054,926</u>

note:

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	437,320	1,139,438
1 to 2 years	492,452	503,801
2 to 3 years	236,228	266,271
Over 3 years	<u>236,974</u>	<u>145,416</u>
	<u>1,402,974</u>	<u>2,054,926</u>

16. BANK AND OTHER BORROWINGS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank and other borrowings:		
Secured	23,594,412	26,074,003
Unsecured	67,185	3,431,749
Commercial mortgage-backed securities	<u>3,601,956</u>	<u>3,184,527</u>
	27,263,553	32,690,279
Less: Current portion	<u>(6,016,153)</u>	<u>(12,976,625)</u>
Non-current portion	<u>21,247,400</u>	<u>19,713,654</u>
Fixed-rate borrowings	13,680,480	16,269,128
Floating-rate borrowings	<u>13,583,073</u>	<u>16,421,151</u>
	<u>27,263,553</u>	<u>32,690,279</u>
The borrowings are repayable:		
Within one year or on demand	6,016,153	12,976,625
More than one year but not exceeding two years	6,705,318	3,898,734
More than two years but not exceeding five years	9,181,876	9,015,530
More than five years	<u>5,360,206</u>	<u>6,799,390</u>
	27,263,553	32,690,279
Less: Amount due within one year shown under current liabilities	<u>(6,016,153)</u>	<u>(12,976,625)</u>
Amount due after one year	<u>21,247,400</u>	<u>19,713,654</u>

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

	2024	2023
	%	%
Bank and other borrowings:		
Fixed rate bank and other borrowings	3.10-10.00	3.80-15.40
Floating rate bank and other borrowings	3.55-6.80	4.25-8.00

The floating rate is based on the loan market quoted interest rate published by the People's Bank of China.

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

17. SHARE CAPITAL

The movements to the Company's issued share capital during the years ended 31 December 2024 and 2023 are as follows:

	Number of H shares '000	Number of A shares '000	Share capital RMB'000
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>741,286</u>	<u>3,613,447</u>	<u>4,354,733</u>

All shares issued are of par value RMB1.

MANAGEMENT DISCUSSION AND ANALYSIS

– Industry Overview

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

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

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

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

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

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

– **Business Review**

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

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

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

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

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

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

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

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

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. As of the end of the Reporting Period, the trade-in program had covered 249 shopping malls. In the fourth quarter of 2024, the Company’s nationwide shopping malls recorded 724 thousand trade-in orders, with sales amounting to RMB6.69 billion. The central government subsidy reached RMB1.15 billion, accounting for approximately 17% of the total sales. The Company’s leading position significantly aggregated consumer demand, effectively boosted consumption, and increased merchants’ revenues.

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, creating replicable success cases. It has also compiled the Xiaohongshu Home Furnishings Industry Operations Manual 1.0, which provides easy-to-follow operational guidance and replicable case studies for future nationwide mall operations on Xiaohongshu (小紅書).

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

– Financial Review

1. Revenue

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

The following table sets forth our revenue by segments:

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

2. Gross profit and gross profit margin

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

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

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

3. Selling and distribution expenses

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

4. Administrative expenses

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

5. Finance cost

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

6. Income tax credit/(expenses)

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

7. Total loss for the year attributable to owners of the Company, core net loss attributable to owners of the Company and earnings per share

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

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

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

8. Accounts receivable

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

9. Investment properties and gain on fair value changes

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

10. Capital expenditure

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

11. Bank Balances and Cash and Cash Flow

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

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

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

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

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

12. Major debt ratios

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

Notes:

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

13. Collateralized and pledged assets

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

14. Contingent liabilities

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

15. Financial resources

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

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

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

17. Capital commitment

As of the end of the Reporting Period, the amount of capital expenditure in respect of the acquisition and development of investment properties which the Group has contracted for but not recognized in the financial statements was RMB724.8 million. In addition, the Group has entered into agreements with its partners, pursuant to which the Group's commitment to contributing funds for development of investment properties jointly with the partners amounted to RMB233.1 million.

18. Foreign exchange risk

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

19. Significant investment

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

20. Human resources

As of the end of the Reporting Period, the Group had 11,553 employees (As at 31 December 2023: 14,461 employees). The Group signs labor contracts with employees according to the Labor Law of the People's Republic of China and the relevant provisions of the employee's locality. The Group will determine the employees' basic wage and bonus level according to the employees' performance, work experience and the market wage standard, and shall pay social insurance and housing provident fund for the employees. In 2024, the Group paid a total of RMB2,177.2 million for salary expenditure (2023: RMB2,584.8 million). Meanwhile, the Group also kept investing resources to provide various education and training opportunities for its employees, aiming to standardize the management work and improve the operation performance, and continuously improved the knowledge and technical competence as well as professional practice competence of the employees.

OUTLOOK

The Group constantly shoulders the responsibility of "building cozy and harmonious homes and improving quality of shopping and home life". In 2025 and going forward, the Group will continue to follow the operational management mode of "market-oriented operation and shopping mall-based management" to provide customers with better and more professional services, so as to consolidate our leading position in the market as well as the professional status of "Red Star Macalline" as an expert of home life in our customers' minds, to pursue our enterprise development goal of growing into China's most advanced and professional "omni-channel platform service provider for the pan-home improvement and furnishings industry".

The Group's future development plans are as follows:

1. The Group will continue to transform into “asset-light and operation-heavy”, and further strengthen the market leadership;
2. The Group will carry out home decoration track, and build up consumers' image;
3. The Group will promote the development of new retail and empower shopping mall operations;
4. The Group will strengthen financial management to achieve high-quality development;
5. The Group will continue to improve corporate governance of the Company, standardize our operation and implement social responsibilities.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of final dividend for the year ended 31 December 2024.

SUBSEQUENT EVENTS

1. Waivers of Several Voluntary Undertakings Made by the Company

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

The undertakings including:

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

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

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

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

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

2. Changes of Directors and Senior Management

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

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

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

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

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

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

CLOSURE OF THE REGISTER OF MEMBERS

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors of the Company (the "**Supervisors**") on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Specific enquiries were made to all Directors and Supervisors who had confirmed that they had complied with all the provisions and standards as set out in the Model Code during the year ended 31 December 2024 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PUBLIC ISSUANCE OF A SHARE AND USE OF PROCEEDS

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

Analysis of the use of proceeds from issuance of A shares as of 31 December 2024 is as follows:

Unit: RMB'000

Total Proceeds	3,222,450
Issuance expenses	172,442
Net proceeds	3,050,008

Proposed investment projects	Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period (RMB'000)	Investment amount utilized during the Reporting Period (RMB'000)	Total investment amount utilized as at the end of the Reporting Period (RMB'000)	Balance of the investment amount as at the end of the Reporting Period (RMB'000)	Remarks
Home furnishing shopping mall construction project							
Tianjin Beichen Shopping Mall Project	245,137	245,137	-	-	245,137	-	Fully invested
Hohhot Yuquan Shopping Mall Project	76,825	76,825	-	-	76,825	-	Fully invested
Dongguan Wanjia Shopping Mall Project	164,145	164,145	-	-	164,145	-	Fully invested
Harbin Songbei Shopping Mall Project	294,809	294,809	-	-	294,809	-	Fully invested

Proposed investment projects	Total planned investment (RMB'000)	Total adjusted investment amount (RMB'000)	Balance of the investment amount as at the beginning of the Reporting Period	Investment amount utilized during the Reporting Period	Total investment amount utilized as at the end of the Reporting Period	Balance of the investment amount as at the end of the Reporting Period	Remarks
			(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	
Urumqi Convention and Exhibition Mall Project ⁽²⁾⁽³⁾	669,084	666,733	2,351	-	666,733	-	Fully invested
Changsha Jinxia Shopping Mall Project ⁽²⁾⁽³⁾	190,000	163,181	43,762	-	146,238	16,943	Concluded. The Company is expected to fully utilize the aforesaid outstanding amounts by 31 December 2026 in accordance with the requirements of the Listing Rules.
Xining Expo Shopping Mall Project	110,000	110,000	-	-	110,013 ⁽¹⁾	-	Fully invested
New Intelligent Home Furnishing Shopping Mall Project ⁽²⁾⁽³⁾	400,000	117,276	282,936	88	117,152	124	Terminated. The Company is expected to fully utilize the aforesaid outstanding amounts by 31 December 2026 in accordance with the requirements of the Listing Rules.
Repayment of bank loans	400,000	400,000	-	-	400,000	-	Fully invested
Supplement of liquidity	150,008	150,008	-	-	150,008	-	Fully invested
Repayment of interest-bearing debts	350,000	350,000	-	-	350,000	-	Fully invested
General working capital ⁽³⁾	-	311,893	-	40,000	40,000	271,893	The Company is expected to fully utilise the aforesaid outstanding amounts by 31 December 2026 in accordance with the requirements of the Listing Rules.
Total	3,050,008	3,050,008	329,048	40,088	2,761,060	288,960	

Notes:

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

NON-PUBLIC ISSUANCE OF A SHARES AND USE OF PROCEEDS

In September 2021, the Company issued 449,732,673 A shares to specific investors in the non-public issuance, at an issue price of RMB8.23 per share, with the total proceeds of RMB3,701,299,898.79. After deducting issuance expenses (exclusive of tax) of RMB22,936,099.50, the actual net proceeds were RMB3,678,363,799.29. For details, please refer to the announcements of the Company dated 3 May 2020, 3 June 2020, 23 June 2020, 19 April 2021, 18 May 2021, 21 October 2021 and 1 April 2024 and the circulars of the Company dated 3 June 2020, 26 April 2021 and 29 April 2024. The Company has utilized the net proceeds in accordance with the purposes as disclosed.

An analysis of the use of the proceeds from the non-public issuance of A shares as of 31 December 2024 is set out below:

	<i>Unit: RMB'000</i>
Total Proceeds	3,701,299.9
Issuance expenses	22,936.1
Net proceeds	<u>3,678,363.8</u>

Notes:

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

AUDIT COMMITTEE

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

The audit committee of the Company has reviewed the annual results announcement and the audited consolidated annual financial statements for the year ended 31 December 2024.

WORK OF CL PARTNERS CPA LIMITED ON THE PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary results announcement have been agreed by the Group's auditor, CL Partners CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by the auditor on this preliminary result announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT

This announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on the website of the Company at www.chinaredstar.com. The Company's 2024 annual report containing all the information as required by the Listing Rules will be dispatched to shareholders of the Company who require hard copies and published on the website of the Hong Kong Stock Exchange and on the website of the Company in due course.

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

Shanghai, the PRC
27 March 2025

As at the date of this announcement, the executive Directors of the Company are LI Yupeng, CHE Jianxing, SHI Yaofeng and YANG Yingwu; the non-executive Directors are ZHENG Yongda, ZOU Shaorong, LI Jianhong, SONG Guangbin and XU Di; and the independent non-executive Directors are XUE Wei, HUANG Jianzhong, CHEN Shanang, WONG Chi Wai and CAI Qinghui.